



## **Annual Report 2007**



# Stewardship ONTARIO

April 1, 2008

Ms. Gemma Zecchini  
Chair, Board of Directors  
Waste Diversion Ontario  
45 Sheppard Avenue East  
Suite 920  
North York, Ontario  
M2N 5W9

Dear Gemma,

In accordance with Section 33 of the *Waste Diversion Act*, 2002 requiring that Stewardship Ontario submit an annual report to Waste Diversion Ontario (WDO) on April 1 each year, we are pleased to provide the Stewardship Ontario Annual Report 2007.

Upon notification that WDO has formally received the report it will be posted to the Stewardship Ontario website and stewards and stakeholders will be notified of this through our e-newsletter, *Need to Know*.

Sincerely



Dennis Darby  
Chair  
Board of Directors  
Stewardship Ontario

## **Stewardship Ontario Board of Directors – 2007**

### **Consumable Products**

Dennis Darby, Chair	Procter & Gamble Inc.
Sandra Banks	Coca-Cola Bottling Company
Jill Carman	General Mills Canada
Shannon Coombs	Canadian Consumer Specialty Products Association
John Coyne	Unilever Canada
Rosanne Angotti	Kraft Canada

### **Retail & Distribution**

Diane J. Brisebois	Retail Council of Canada
Ron Damiani	Costco Canada
Stephanie Jones	Canadian Restaurant & Foodservices Association
Kim McKinnon	Canadian Council of Grocery Distributors

### **Durable Products & Distributors**

Vaughn Crofford	Canadian Hardware and Housewares Association
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### **Alcoholic Beverages**

Lyle Clarke	LCBO
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### **Newspapers**

Anne Kothawala	Canadian Newspaper Association
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### **At Large**

Damian Bassett	Stewardship Ontario
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## Summary of 2007 Key Highlights

The Blue Box Program Plan (BBPP) was approved by the Minister of the Environment on December 22, 2003. Stewardship Ontario was designated as the Industry Funding Organization responsible for implementing the plan. A full copy of the plan is available at [www.stewardshipontario.ca](http://www.stewardshipontario.ca).

According to the most recent verified data available, as of 2006, Ontario has achieved a Blue Box recycling rate of about 63.5% (compared to the target of 60% established by the Minister of the Environment). A total of 850,975 tonnes of Blue Box wastes encompassed by the Blue Box Program Plan (BBPP) were recovered and marketed in Ontario in 2006. This is an increase of 64,000 tonnes and an improvement over the previous year's recycling rate of about 57%.

In 2007, Stewardship Ontario successfully discharged its obligations under the BBPP and achieved a number of new milestones:

- Provided cash payments of \$48.32 million to Ontario municipalities to support the operation of municipal Blue Box recycling programs for 2007 (with the final quarterly payment made on March 31, 2008).
- Incorporated a wealth of new data from waste composition studies in the development of provincial residential waste generation estimates.
- Identified and notified 2,600 returning and previously identified stewards and 700 new stewards of their obligations under the *Waste Diversion Act, 2002* (WDA) and the BBPP.
- Mailed obligation notices to another 2,600 companies that originally had been notified in 2006 but had not responded.
- Received, reviewed and approved 1,436 Steward's Reports.
- Maintained the combined Waste Diversion Ontario (WDO) and Stewardship Ontario costs of administering the program at less than 3% of total fees.
- Communicated with BBPP stewards through the release of 10 editions of *Need to Know* – the BBPP e-newsletter, by hosting an Annual General Meeting and a workshop on fees, through timely updates to the website, [www.stewardshipontario.ca](http://www.stewardshipontario.ca) and through continual interactions with Stewardship Ontario's Customer Service group.
- Continued to update and upgrade the Steward Reporting system.
- Completed 41 audits of data reports submitted by stewards representing more than 10% of the obligated Blue Box Waste tonnage.
- Revised procedures for handling non-compliant stewards with the Ministry of the Environment's Enforcement Branch and managed 30 additional case files resulting in over \$1 million in fees recovered.

- Approved 21 new Effectiveness and Efficiency (E&E) Fund projects to support improvements in municipal recycling program operations. This brings the overall total of approved projects to 70, with total approved funding of \$17.3 million over the first four years of E&E Fund operations.
- Continued to update and expand the Recyclers' Knowledge Network website as a means of providing accessible E&E Fund information to stakeholders; initiated a strategic review of the website in preparation for re-launch scheduled for 2008.
- Continued outreach initiatives with municipal recycling program representatives, in part through distribution of three *"In-the-Loop"* e-letters.
- Conducted two Ontario Recycler Workshops for municipal representatives and other stakeholders; attracted participants to two new training sessions (for Recycling Promotion and Education and Sustainable Finance).
- Completed the \$2 million E&E Fund Recycling Program Enhancement and Best Practices Project and followed up (or initiated follow up) on key recommendations.
- Signed a memorandum of understanding with Waste Diversion Ontario, the Association of Municipalities of Ontario and the City of Toronto, which will lead to the establishment of the Continuous Improvement Fund (CIF). The CIF will replace the E&E Fund and be funded by twenty percent (20%) of stewards' annual financial obligation to municipalities.
- Completed subscription of the Glass Diversion Fund with support provided to a total of seven different programs.
- Executed an agreement under the Glass Market Development Investment Fund for development of a mixed broken glass (MBG) processing facility to be built in Brampton, Ontario, with initial seven-year contracts to process nearly 44,000 tonnes per year of MBG from five municipal recycling programs in or near the Greater Toronto Area.
- Worked with R.W. Beck to complete an analysis of opportunities for and costs of increasing Blue Box plastics diversion; developed the first stage of a multi-year strategy to deepen the capture of core plastics and explore new end markets and technologies to collect and sort plastics; established a dedicated plastics market development fund of \$2.4 million by assessing additional fees on stewards of this material in 2008.
- Prepared the fourth annual Plain Language Report as required by and in consultation with the Ministry of the Environment. The report is available through WDO at [www.wdo.ca](http://www.wdo.ca).
- Responded to a request from the Minister of the Environment (through WDO) to develop and consult on a new program plan for Municipal Hazardous or Special Waste (MHSW). Delivered the Draft MHSW Program Plan in advance of the Minister's required timeline.
- Appointed Ms. Joyce Barretto as the new Chief Executive Officer (CEO) of Stewardship Ontario in December, to replace Mr. Damian Bassett, who has served as CEO since 2002.





## 1.0 Introduction

This is the fifth annual report prepared by Stewardship Ontario. It encompasses the activities of the corporation over the 2007 calendar year with respect to the *Blue Box Program Plan (February 2003)*. It has been prepared and submitted to Waste Diversion Ontario (WDO) in compliance with Section 33 of the *Waste Diversion Act, 2002 (WDA)*. A copy of this report also is posted on the Stewardship Ontario website at [www.stewardshipontario.ca](http://www.stewardshipontario.ca) and all interested stakeholders known to Stewardship Ontario have been notified of its availability through distribution of our electronic newsletter, *Need to Know*.

Stewardship Ontario presented the Rules for 2008 and preliminary fees to stewards and stakeholders during a workshop and webcast on September 10 and received no subsequent comments on the base fee schedule. The Stewardship Ontario Board of Directors approved the Rules and fees on October 3 and forwarded them to the WDO for final approval.

As a departure from previous years, in 2007, Blue Box stewards' Rules including fees for 2008 were approved in the fall (October 17) by the WDO Board of Directors. This process reflects a change approved in 2006. Under the approved program agreement, the Rules and fees no longer have to be approved by the Minister of the Environment.

This Annual Report outlines key activities undertaken by Stewardship Ontario during 2007 and presents information for 2008 operations that was developed during 2007.

## 2.0 Implementing the Blue Box Program Plan (BBPP)

Through 2007, Stewardship Ontario continued its activities, based on the definition of Blue Box Waste defined under Ontario Regulation 273/02.

Waste that consists of any of the following materials, or any combination of them, is prescribed as Blue Box Waste for the purpose of the Act:

- glass;
- metal;
- paper;
- plastic; and
- textiles.

### 2.1 Stewardship Ontario Governance

Until the Annual General Meeting (AGM), which took place on May 30, 2007, governance of Stewardship Ontario was provided by eight (8) directors. At the AGM, the membership elected an expanded Board of Directors consisting of fifteen (15) members. Over the course of the year, the board met 10 times.

#### 2.1.1 Governance Restructuring

As of the May 30 AGM, the new sector allocation for the board became:

<b><u>Sector</u></b>	<b><u>Seats</u></b>
Consumable products	6
Retailers & distributors	4
Durable products & distributors	1
Alcoholic beverages	2
Newspapers	1
At large (CEO)	1

Seven (7) directors were elected for a two (2) year term in 2006. They included:

<b>Sector</b>	<b>Name</b>	<b>Representing</b>	<b>Term ends</b>
<i>Consumable Products</i>	John Coyne	Unilever Canada	AGM 08
	Jill Carman	General Mills Canada	AGM 08
	Rosanne Angotti	Kraft Canada	AGM 08
<i>Retail &amp; Distribution</i>	Ron Damiani	Costco Canada	AGM 08
	Stephanie Jones	Canadian Restaurant & Foodservices Association	AGM 08
<i>Durable Products &amp; Distributors</i>	Vaughn Crofford	Canadian Hardware and Housewares Association	AGM 08
<i>Alcoholic Beverages</i>	Lyle Clarke	LCBO	AGM 08

The Nominating Committee consulted with steward groups and associations in preparing the following list of seven (7) nominees, for a two (2) year term in 2007:

<b>Sector</b>	<b>Name</b>	<b>Representing</b>	<b>Term ends</b>
<i>Consumable Products</i>	Dennis Darby	Procter and Gamble	AGM 09
	Sandra Banks	Coca Cola Bottling Company	AGM 09
	Shannon Coombs	Canadian Consumer Specialty Products Association	AGM 09
<i>Retail &amp; Distribution</i>	Diane J. Brisebois	Retail Council of Canada	AGM 09
	Kim McKinnon	Canadian Council of Grocery Distributors	AGM 09
<i>Alcoholic Beverages</i>	Tamara Burns	LCBO	AGM 09
<i>Printed Media</i>	Anne Kothawala	Canadian Newspaper Association	AGM 09
<i>At Large</i>	Chief Executive Officer	Stewardship Ontario	1 year

Three additional recommended provisions came into effect at the AGM including:

- 1) *Term of Office:* Any existing board members that were re-elected at the 2007 AGM are eligible to serve for a term of one year, while new members are elected for a period of two years.
- 2) *Review of Board Size and Representation:* The size of the board and the sector allocations now are reviewed on an annual basis and will be adjusted if fee contributions by sector change  $\pm$  10% in a given year.
- 3) *Committees of the Board:* There are five committees of the board which include:
  - Executive Committee;
  - Nominating Committee;
  - Audit and Finance Committee;
  - Policy Advisory Committee: open to representatives from affected industry sectors not directly represented on the Stewardship Ontario Board of Directors, co-chaired by a Stewardship Ontario board member and an elected committee member;
  - Technical Advisory Committee: open to representatives from packaging and material suppliers, recyclers, service providers, municipalities and NGOs, co-chaired by a Stewardship Ontario board member and an elected committee member.

## **2.2 Appointment of a New Chief Executive Officer**

On December 11, Stewardship Ontario announced the appointment of Ms. Joyce Barretto as the new chief executive officer. Ms. Barretto brings two decades of experience in public, private and non-profit sectors to this role. She most recently served as Assistant Deputy Minister, Agencies Division, Ontario Ministry of Public Infrastructure Renewal, where she oversaw the development of government policy for gaming, alcohol and realty assets. Ms. Barretto replaces Damian Bassett, who had served as CEO since Stewardship Ontario began.

## 3.0 Steward Notification and Registration

This section highlights activities that Stewardship Ontario undertook to notify potential stewards of their obligations, to provide effective customer service to assist them to fulfill their obligations, to help them register and file their Steward's Report and to ensure that reports were accurate and detailed.

### 3.1 Identifying and Notifying Stewards

Under the *Waste Diversion Act* (WDA), Stewardship Ontario is required to notify all potential stewards of their obligations annually. The notification process is designed to direct potential stewards to the program "Rules," which include fees for stewards for each obligation year.

The Rules are reviewed and revised as part of the fee-setting process each year, and are made available to the public on the Stewardship Ontario website at: [www.stewardshipontario.ca/rules/rules.htm](http://www.stewardshipontario.ca/rules/rules.htm).

Returning stewards are notified by email of their obligations and of the timelines for each year. Throughout the year, Stewardship Ontario identifies potential new stewards by:

- identifying new or unregistered products advertised or presented for sale in the Ontario market;
- reviewing business directories and lists of companies known to be selling products into the Ontario market; and
- researching and comparing names of companies that have been provided by other stewards against the Stewardship Ontario database.

New and potential stewards are notified by mail as they are identified.

Steward notification activities for the 2007 program year were as follows:

- emailed notification to 2,600 registered stewards concerning their obligation for 2007 (this encompasses all organizations that generate designated Blue Box Waste (DBBW) including those that previously registered below \$2 million in sales;
- mailed the obligation notification to 2,600 companies that had been notified in 2006 but had not responded (many of which may not have been obligated but would have had an 'unknown' status at the time of notification);
- mailed notifications to 700 new potential stewards.

During the 2007 obligation year, stewards were notified that they were required to meet the following timelines:

March 31, 2007	file Steward's Report using 2006 data
April 27, 2007	make payment for the first 25% (3 months) of 2007 fees
June 29, 2007	make payment for the second 25% (3 months) of 2007 fees
September 28, 2007	make payment for the third 25% (3 months) of 2007 fees
December 3, 2007	make payment for the final 25% (3 months) of 2007 fees

### 3.2 Assistance to Stewards for Registration

Stewardship Ontario provided ongoing assistance to stewards to support the registration and reporting process.

#### 3.2.1 Customer Service

Stewardship Ontario's Customer Service group responded to inquiries from stewards and potential stewards, notifying companies of their legal obligations and clarifying the Rules as required. Their activities are detailed in Table 3.1.

**Table 3.1 - Customer Service Activities, 2007**

Toll-free number (888) 288-3360	Managed on average approximately 350 calls per month and a peak of 900 calls
Email addresses: <ul style="list-style-type: none"> <li>customerservice@stewardshipontario.ca</li> <li>info@stewardshipontario.ca</li> <li>questions@stewardshipontario.ca</li> <li>registration@stewardshipontario.ca</li> </ul>	Responded to approximately 2,500 emails from stewards in 2007
Stewardship Ontario Website www.stewardshipontario.ca	Total visits to the website in 2007 numbered nearly 81,000, averaging about 4,600 visits with about 195,000 hits on a monthly basis <sup>1</sup>
Ongoing Information Flow	Distributed pertinent and timely information to stewards through distribution of 17 electronic <i>Need to Know</i> newsletters (including MHSW issues)

<sup>1</sup> **Hit** - A typical Web page is made up of many elements, such as text and images. When a user views the web page, each element is downloaded separately. Each of these downloads represents a "hit." **Visit** - A series of page view requests from the same uniquely identified client with a set timeout, which would likely contain multiple hits. Visits are considered to be a more accurate indication of a website's popularity.

### 3.2.2 Posted Guidebooks for Step-by-Step Assistance

Stewardship Ontario reviewed and updated content in its primary guidebooks, which include:

***Guidebook 1: Ontario's Waste Diversion Act – Are you Obligated?***

Covers the basic elements of the BBPP and enables potential stewards to determine if they should register and, if obligated, how to do so.

***Guidebook 2: Get Ready to File a Steward's Report***

Provides information about designated Blue Box materials, collecting data, data sources and program exemptions and deductions.

***Guidebook 3: How to File a Steward's Report***

Provides step-by-step advice about how to work within the Steward Reporting System to file data to complete a Steward's Report.

***Guidebook 4: Update for Returning Stewards***

Helps returning stewards identify program and reporting system changes in preparation for filing their obligation year reports.

### 3.2.3 Provided "Calculator" Tools to Assist in Reporting

For selected stewards, Stewardship Ontario offered three types of calculator tools:

- Sectoral Calculators;
- Composite Based Calculators; and
- Unit Based Calculators.

These tools assisted stewards who were obligated for a broad range of products in specified sectors and who may not have had access to packaging data (if they were first importers or distributors).

#### **Sectoral Calculators**

Many of the sectoral calculators that were developed when the BBPP first began remained available throughout 2007. In 2007, Stewardship Ontario continued a planned process to replace the use of sectoral calculators in favour of stewards establishing internal data collection systems and unit based calculator supplements. Eleven sectoral calculators were replaced by two unit based calculators developed by Stewardship Ontario, shown in Table 3.2.

**Table 3.2 – Stewardship Ontario Calculators**

Sectoral Calculator	Unit Based Calculator
Packaged Food/Fresh Produce	Unit Based Calculator - Food
Baked Goods/Biscuits/Cereals/Pasta	
Dairy Products (milk, butter, yogurt, cheese)	
Ice Cream and Frozen Desserts	
Frozen Food, Canned Food, Sauces, Dressings	
Savoury Snack Foods,	
Confectionary/Sugar	
Edible Oils, Fats, Margarine	
Fish, Red Meat, Poultry/Eggs	
Clothing/ Fabric/Sewing	Clothing & Footwear UBC Supplement
Shoes/Footwear	

Sectoral calculators will continue to be eliminated or replaced with more accurate calculation methodologies.

**Unit Based Calculator**

The Unit Based Calculator was modified with new packaging data and offered for use again in 2007. The Canadian Council of Grocery Distributors (CCGD) and Stewardship Ontario jointly developed this tool early in the program to enable grocery distributors to report and calculate their private label packaging obligations. The calculator was made available to food importers for imported food products. It replaced the sectoral food calculators.

**Unit Based Calculator Supplements**

The Unit Based Calculator (UBC) supplements were designed to help stewards transition from sectoral to unit based calculators. Modeled after the Unit Based Calculator (UBC), Stewardship Ontario has developed supplement calculators to help stewards collect and quantify packaging materials generated. The UBC supplements provided stewards with tools to calculate product packaging data for containers with quantifiable volumes by total units sold within the following sectors:

- Pet Food & Products;
- Personal Care & Health Products;



- Automotive & Hardware Containers; and
- Clothing & Footwear.

The UBC calculators do not incorporate all types of products within the identified sectors. Stewards therefore were required to supplement use of these tools with a combination other UBC Supplements and sectoral calculators. Each UBC supplement was supported by a guidebook.

### **Composite Based Calculators**

The Composite Based Calculators (CBCs) continued to be used through 2007. They provide a means of transitioning from a sales-based approach to a unit sales-based approach in the calculator tools. The CBCs were developed by the Retail Council of Canada (RCC) working closely with Stewardship Ontario, and are based on data generated in a representative series of packaging audits. There were no changes or updates to CBCs in 2007.

During the year, Stewardship Ontario updated the measurement methodology developed in conjunction with the Association of Universities of Ontario on behalf of Ontario universities. Stewardship Ontario also maintained the status on the two other measurement methodologies developed in conjunction with:

- Association of Municipalities of Ontario on behalf of obligated municipalities; and
- Canadian Vehicle Manufacturers' Association and the Association of International Automobile Manufacturers of Canada on behalf of automobile manufacturers and their retail and service centres.

Again in 2007, companies applied to use the CBSs to ensure that those who did use them, met the criteria for which the calculators were designed.

### **Calculator Guide Book**

Stewardship Ontario introduced a new Calculator Guidebook to facilitate use of the various calculators by authorized stewards, and the application of the data to the preparation of Stewards' Reports. As with other Stewardship Ontario guidebooks, it was published online.

## **3.3 *Reviewing Stewards' Reports***

Stewardship Ontario ensures accurate reporting and quality control by monitoring the steward reporting process

### **3.3.1 Steward's Report Review**

Stewardship Ontario staff examined every Steward's Report submitted in 2007. Stewards were required to detail how they calculated the weight of DBBW. Report reviews process encompassed:

- the reporting methodology;
- an assessment of the accuracy of the data;
- the list of brands reported on; and
- a comparison of the current year with the previous year.

Where appropriate data and detail were provided, Stewardship Ontario approved Stewards Reports. Stewards that submitted a Steward's Report that appeared to contain inaccuracies, lacked sufficient detail or failed to conform to the requirements of the Rules were contacted for additional information.

Stewardship Ontario reserved the right to request that stewards submit additional supporting documentation (e.g. data tables, product listings, audit reports and allocation percentages).

Stewardship Ontario continued the audit program to review steward data collection and reporting systems and methodologies. During 2007, Stewardship Ontario completed 41 audits, slightly exceeding the audit target of a minimum of 10% of the total tonnage identified in Stewards' Reports. The process used for selecting stewards to be audited included the following steps:

- categorized each Steward's Report into one of twenty-four business sector classifications (e.g., food, durable products, etc.);
- evaluated each Steward's Report and assigned it a numerical ranking from 1 to 5, based on a quality assessment by the reviewer; and
- produced a listing of the lower ranked and larger tonnage Stewards' Reports in each business sector and selected audit candidates.

As in previous years, stewards identified for audits received notification from Stewardship Ontario of its intention to audit their data collection and reporting systems. The audit letter specified the nature of the review and the type of documentation required. Each steward was given three weeks to contact Stewardship Ontario to schedule audit time.

For each audit, one or two Stewardship Ontario staff members spent between two and three hours meeting at the steward's location. Stewards were required to provide Stewardship Ontario with supporting documentation to validate their reporting methodology, sources of sales data and material weights data information and any deductions applied. Auditors reviewed all aspects of the Steward's Report for completeness and accuracy, documenting information provided to produce an audit report.

Audited stewards received a report highlighting observations and recommendations or identifying required adjustments to their Steward's Report. Where net changes to material data were required, stewards submitted amendments to Stewardship Ontario for review and execution of the adjustment.

### 3.4 Enforcement Procedures

Under the WDA, Stewardship Ontario has a legal responsibility to notify companies that are potentially obligated under the BBPP and to follow-up with these companies to ensure that they file a Steward's Report, if required. Stewardship Ontario has authority to assess late payment charges and interest on outstanding fees. Companies are in violation of the WDA if they produced DBBW, had sales in Ontario of greater than \$2 million in the data years of 2002-2004 and 2006<sup>2</sup>, and were notified by Stewardship Ontario but failed to file a Steward's Report for any of the correlating obligation years (2003-2007). Enforcement under the WDA is the responsibility of the Ministry of the Environment's (MOE) Investigation and Enforcement Branch (IEB).

Stewardship Ontario carried out an established process to determine if a company was not in compliance with the program Rules. The steps included:

- sending a notification letter by first class mail;
- attempting to follow-up by telephone with the appropriate manager;
- sending a reminder letter;
- undertaking additional follow-up telephone calls;
- sending a registered letter to notify the company that it was not in compliance and might be referred to the MOE's IEB for further investigation;
- documenting attempts to make contact with the steward; and
- documenting information exchanged in the preparation of the case file for IEB.

The first case file that was turned over to the IEB for investigation was resolved in 2006. The case resulted in the company being found guilty of contravening the WDA and fined \$35,000. In 2007, the decision coming from an appeal of the verdict resulted in the fine being reduced to \$12,000, plus a victim fine surcharge.

Charges also were laid against two more companies for failure to pay outstanding fees and file 2005 and 2006 Steward's Reports. Trial dates have been set for March 19 and June 18, 2008.

As stipulated in the WDA, costs associated with IEB investigation activities are charged to Stewardship Ontario and are included as common costs in the material fees.

In 2007, with the support of the Stewardship Ontario, IEB streamlined its' procedures resulting in 30 additional case files being initiated. A summary of the results of Stewardship Ontario and the Ministry's combined enforcement action follows in Table 3.3.

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<sup>2</sup> For 2007, the program shifted to a one-year difference as the basis for reporting and for determining 2007 payments. A key reason for the change was to aid stewards in collecting more readily accessible data.

**Table 3.3 – Results of Enforcement Activities through 2007**

Year	# of Companies			Total Amount of Assessed Steward Fees	Total Amount Paid to date	Total Fees Owed to Stewardship Ontario
	Investigated	Obligated	Closed			
2006	33	17	24	\$551,655	\$545,881	\$47,923*
2007	31	25	19	\$1,007,273	\$287,165	\$720,237*
<b>Totals</b>	<b>64</b>	<b>52</b>	<b>43</b>	<b>\$1,558,928</b>	<b>\$833,046</b>	<b>\$768,160</b>

\* Total fees owed includes penalty and interest charges

### 3.5 Registration Results

In 2007, 4,057 stewards registered with Stewardship Ontario. Of these, 1,864 were obligated stewards and were required to file a Steward's Report. Table 3.4 presents registration details from 2003 to 2007.

**Table 3.4 - Summary of Registrations: 2003 to 2007**

	2003/2004*	2005*	2006*	2007*
Registration with Stewardship Ontario	3,112	3,805	3,827	4,057
Exempted - No Blue Box wastes	842	1,127	1,154	1,215
Exempted - Blue Box wastes but <\$2 Million	617	885	918	976
Obligated Stewards – required to submit a Steward's Report	1,653	1,793	1,755	1,864
Reports received	1,202	1,401	1,393	1,442
Reports outstanding	451	392	362	442
Reported between 0 to 15 tonnes – no fees paid	550	448	435	429

\*As of December 31, in each year

In addition to the total number of registered stewards, Stewardship Ontario notified 700 new potential stewards between January 1 and December 31, 2007. The due dates for reports from these companies are linked to the date that they received their official obligation notices, and some are not obligated to report until 2008. Total registrations and Stewards' Reports for the 2004, 2005, 2006 and 2007 program years will continue to be received into 2008.

Stewardship Ontario also continues to adjust submitted Stewards' Reports as new information becomes available (from audits and review of subsequent Stewards' Reports). Approximately 80% of all Stewards' Reports over 15,000 kg needed to be adjusted. Table 3.5 shows the number of stewards that filed reports and DBBW tonnages reported in 2007.

**Table 3.5 - Stewards' Reports Filed in 2007**

	<b># of Reports</b>	<b>Tonnes Reported</b>
Total Reports	1,436	1,230,744
Reported 0-15 Tonnes	427	2,400
Reported >15 Tonnes	1,009	1,228,343

Table 3.6 presents a summary of identified fees owing for the 2007 program year.

**Table 3.6 - Summary of Fees Collected in 2007**

	<b>2007</b>
Fees Target	\$61,237,500
Fees Identified from Stewards' Reports	\$64,275,406
% Target Identified	104.96%

## 4.0 Stewardship Ontario Key Program Activities

Equally important to identifying and registering stewards is the work Stewardship Ontario undertakes to determine how much each steward will be required to pay in fees in the subsequent program year. This is based on the projected sum total of Stewardship Ontario costs for 2008 divided by the total tonnage of DBBW identified.

### 4.1 *Calculating the Financial Obligation to Municipalities for 2008*

The most significant component of stewards' fees is the financial obligation to contribute 50% of the annual net cost of municipal Blue Box recycling programs. The approach to calculating the financial obligation to municipalities is documented in the approved Blue Box Program Plan (BBPP) and subsequent publications including Stewardship Ontario Annual Reports and the Blue Box Program Guide<sup>3</sup>.

The elements of the 2006 net system cost calculation that were defined in 2007 and used for setting 2008 fees were consistent with this approach but with some modifications that were implemented as part of the approved cost containment strategy<sup>4</sup>.

WDO is responsible for collecting and verifying program data from municipalities using the annual Municipal Blue Box Datacall, working with Stewardship Ontario and the Association of Municipalities of Ontario (AMO) under the direction of the Municipal Industry Program Committee (MIPC).

As part of the 2006 Datacall verification process as prescribed in the BBPP, Stewardship Ontario undertook financial and compliance audits of seven municipal recycling programs. These financial audits resulted in adjustments to the costs reported in the municipal program submissions. While the audit reports have not been finalized, six of the seven municipal datacall reports for 2006 will require adjustments. These adjustments will be incorporated into the calculation for the financial obligations for 2009 stewards' fees.

A significant additional adjustment to the 2008 fee calculations was required as a result of the decision by the Government of Ontario to implement a deposit-return program for beverage alcohol containers as of February 5, 2007. An 'Information Notice' posted on the Environmental Bill of Rights Registry on December 6, 2006 states that "Under the Waste Diversion Act, 2002, the Minister will exempt LCBO as a "steward" for Blue Box waste as it relates to their beverage alcohol containers since these containers will now be part of an alternative recycling program."

As a consequence of this decision, WDO was required to adjust the reported Blue Box data on which 2008 fees would be based, to remove tonnes, costs and revenues associated with those beverage containers that would be managed within the beverage alcohol deposit system

<sup>3</sup> [www.stewardshipontario.ca/pdf/bbpps\\_docs/bbpps\\_guide2008.pdf](http://www.stewardshipontario.ca/pdf/bbpps_docs/bbpps_guide2008.pdf)

<sup>4</sup> "Cost Containment Principles, Policies and Practices—Efficiency and Effectiveness Policies and Practices—Small Business Measures"  
[http://stewardshipontario.ca/pdf/consultation/workshop\\_8mar2004/public\\_discussion\\_paper2.pdf](http://stewardshipontario.ca/pdf/consultation/workshop_8mar2004/public_discussion_paper2.pdf)

instead of the Blue Box Program. The net system cost was adjusted down by \$15.17 million based on the best available recovery and activity-based cost and revenue data. The net result of this adjustment is that funding to municipalities from Blue Box stewards in 2008 will be reduced by approximately \$7.6 million. Subsequent to the decision to implement the deposit system, the government agreed to pay municipalities \$5 million in transitional funding to offset this reduction in Blue Box Program funding for two years.

Following from these adjustments, Table 4.1 (shown on next page) provides the 2006 verified reported Blue Box net system costs after completion of the data compilation and verification that were determined for calculating the 2008 fee rates.

As described in the BBPP, the financial obligation to municipalities used for setting fees is based on a three-year rolling average of revenue reported by municipalities to modulate the affect on fees of potentially significant swings in global commodity markets. Table 4.2 presents the calculation of the three year rolling average reported revenue for the purpose of defining the municipal obligation for 2008 fees.

**Table 4.2 - Three Year Rolling Average Reported Revenue**

2006 Rolling Average Reported Revenue				
	2004	2005*	2006*	Average
Tonnes Marketed	819,508	786,947	850,975	
Total Gross Revenue	\$84,075,574	\$83,635,339	\$85,091,718	
Per Tonne Average	\$102.59	\$106.28	\$106.15	\$87.39
3 Year Rolling Average		\$90,335,103		

\* Adjusted to account for the removal of revenue and tonnage associated with wine and spirit containers because these are now part of the Ontario deposit system and are no longer part of the Blue Box Program

**Table 4.1 - 2006 Verified Reported Blue Box System Cost**

	Gross Reported Costs	Calculated Interest on Municipal Capital	Calculated Administration Costs	Total Gross Costs	Gross Cost Per Tonne	Gross Revenue	Gross Revenue Per Tonne	Net Cost	Net Cost Per Tonne
2005 Reported Blue Box System Cost	\$205,798,120	\$3,990,282	\$7,462,344	\$217,250,747	\$252	\$84,201,706	\$98	\$133,049,041	\$154
2006 Reported Blue Box System Cost	\$226,850,569	\$4,871,543	\$8,215,874	\$239,937,986	\$256	\$86,211,323	\$92	\$153,726,663	\$164
Prior Year Adjustments									
2005 Blue Box Audits	-\$655,161	\$347	-\$12,867	-\$667,681		-\$274,865		-\$392,816	
Prior Year Corrections	-\$676,352	-\$8,960	-\$33,232	-\$718,544		\$1,500		-\$720,044	
Total Prior Year Adjustments	-\$1,331,513	-\$8,613	-\$46,100	-\$1,386,226		-\$273,365		-\$1,112,861	
2006 Reported Blue Box System Cost Plus Prior Year Adjustments	\$225,519,056	\$4,862,930	\$8,169,774	\$238,551,761	\$254	\$85,937,958	\$92	\$152,613,803	\$163
Adjustment for LCBO Deposit Return <sup>1</sup>				-\$15,168,850		-\$855,258			

Explanatory Notes

1. Quantities and costs of managing wine and spirit containers have been excluded from the calculation of fee rates because these containers are now part of the Ontario deposit system and are no longer part of the Blue Box Program.



**Table 4.3 - 2006 Approved Net System Cost Used in 2007 to Calculate 2008 Fees**

<b>2006 Approved Net Blue Box System Cost</b>	
Total Gross Costs	\$238,551,761
Less Wine and Spirits Deposit Cost Adjustment	\$15,168,850
Less 3 Year Rolling Revenue	\$90,335,103
<b>2006 Net System Cost</b>	<b>\$133,047,808</b>

## **4.2 Market Development**

### **4.2.1 Procedures**

Stewardship Ontario implements a program of market development activities to:

- ensure that sufficient markets for recovered Blue Box materials exist to support achieving overall recovery targets; and
- enhance the revenue received for materials resulting in lower net Blue Box system cost.

### **4.2.2 Glass Market Development**

In 2007, Stewardship Ontario's market development program continued its activities on mixed broken glass (MBG). These were initiated at the outset of the Blue Box Program because municipalities incur a cost when marketing this material. The glass market development program included two funds:

- 1) Approximately \$2 million to develop a processing system for MBG collected by programs in and around the Greater Toronto Area (GTA).
- 2) Support for smaller glass diversion projects in other regions for which \$500,000 was earmarked.

These funds were raised from the 2003 and 2004 fees collected from the stewards of glass. By the end of 2007, together, these two funds had contributed to the development of three new glass processing facilities with a total potential throughput of well over 150,000 tonnes of mixed broken glass. As well, the funds have contributed to the upgrading of existing facilities and testing potential new end-use applications. Eight projects have been funded by Stewardship Ontario under the two initiatives.

#### **Unical mixed broken glass processing facility – Glass Market Investment Fund**

In 2005, Stewardship Ontario undertook a competitive process to provide processing capacity for MBG from municipalities with a subsequent project award to Unical Inc. (Longueuil, QC). Following the announcement of the deposit program for beverage alcohol containers it was necessary to renegotiate the project terms to account for the projected reduction in the quantity of glass containers available in the Blue Box programs.

In December 2007, Stewardship Ontario executed an agreement with Unical to build an MBG processing facility in Brampton, Ontario which is due to be commissioned in July 2008. Unical has entered into seven-year contracts with five municipalities in and around the GTA to process 43,900 tonnes of MBG with an option to extend each contract for up to three additional years. Total throughput capacity of the facility is expected to reach more than 75,000 tonnes per year.

Stewardship Ontario will provide \$1.75 million for equipment related to the plant operation. With this facility and these initial contracts, savings for the Blue Box system are projected to be between approximately \$1 and \$1.5 million per year. Over the seven-year contract, the potential savings are estimated to be between approximately \$9 million and \$11 million, depending on shipping costs and product quality incentives. Additional savings are likely to be realized as a result of this plant.

### Seven projects under the Glass Diversion Fund

In 2007, the Glass Diversion Fund was fully subscribed having completed seven projects:

<i>New Facilities</i>
<ol style="list-style-type: none"> <li>1. Niagara Glass Recycling Technology Project (\$100,000) – regional facility to produce abrasive</li> <li>2. Poraver North America (\$85,000) – facility to produce porous glass spheres for commercial ceiling tiles &amp; other commercial /industrial applications</li> </ol>
<i>Support for Existing Operations</i>
<ol style="list-style-type: none"> <li>3. Strategic Materials International (previously Nexcycle) (\$82,000) – modify process for mixed broken glass trials</li> <li>4. Try Recycling (\$13,000) – feasibility trials for aggregate substitute</li> <li>5. Rancor Glass Diversion Project (\$24,000) – trials to stimulate aggregate substitute</li> </ol>
<i>Testing New Applications</i>
<ol style="list-style-type: none"> <li>6. Industrial Surplus Company (\$12,000) – test for substitute for conventional bricks</li> <li>7. Quality Control Program for MBG (\$5,000) – develop quality control protocol</li> </ol>

### 4.2.3 Plastics Market Development

When the revised stewards' fee setting methodology was approved by the WDO in 2006, Stewardship Ontario committed to enhancing efforts to divert the broad range of plastics generated by stewards. In preparation for the setting of fees for 2008, Stewardship Ontario undertook an analysis of the opportunities for and costs of increasing plastics diversion to support the development of a strategy for increasing the recovery and recycling of DBBW plastic materials. Stewardship Ontario, with additional funding support from EPIC, retained R.W. Beck to undertake that analysis. The R.W. Beck report is available at [www.stewardshipontario.ca/market/plasticsmarket.htm](http://www.stewardshipontario.ca/market/plasticsmarket.htm).

The Stewardship Ontario Board approved the addition of \$2.4 million to the fees for stewards of plastics for 2008 and after assessing the findings and recommendations of the R.W. Beck analysis, the Board approved a broad two-track strategy for enhancing plastics recovery:

Track 1	Deepening the capture of core plastic materials with support for best practices in collection, while;
Track 2	Exploring new technologies for collection, sorting and end markets for the broad range of plastics

Track one includes undertaking a focused first year campaign to promote the collection of “*All Bottles Plus Tubs.*” The diversity of municipal recycling programs and the complexity of messaging required for a province-wide campaign was considered overly ambitious and risky until the completion of more detailed implementation work. Demonstration projects to be implemented within and outside of the GTA will provide information on the most effective approaches and the potential results of the campaign before broadening this effort province-wide.

Track two includes undertaking a request for expressions of interest (REOI) building on the successful approach used previously for glass market development. This approach was considered more likely to yield practical results than a program of research and study, particularly given that opinions differ about what work is required for developing end-use technologies. Stewardship Ontario will ensure synergy and compatibility wherever possible between projects within this initiative and projects within the new Continuous Improvement Fund (CIF) described in the Section 4.4.

The plastics market development implementation plan is being developed under the oversight of the Stewardship Ontario Projects Committee.

### **4.3 Effectiveness and Efficiency (E&E) Fund**

Ten percent of the annual Stewardship Ontario financial obligation to municipalities is committed to municipal-led projects designed to encourage greater effectiveness and efficiency of the municipal Blue Box system. The fund is administered by Stewardship Ontario, with oversight by WDO’s Municipal-Industry Programs Committee (MIPC) and final funding decisions made by Stewardship Ontario’s Board of Directors (based on recommendations from Stewardship Ontario’s Projects Committee). In 2007, MIPC formed the E&E Fund Subcommittee, which comprises three municipal and three Stewardship Ontario representatives, along with the

A-Team Manager, the Northern Ontario Technical Advisor<sup>5</sup>, and the MIPC Municipal Policy Advisor. The role of the subcommittee is to evaluate E&E Fund applications and to approve projects according to a schedule of threshold values, above which it makes recommendations to MIPC which, in turn, makes recommendations to the Stewardship Ontario's Projects Committee.

For the first four years of operation, a total of \$19.8 million was allocated to E&E funding (\$3.3 million for 2004, \$5.7 million for 2005, \$5.4 million for 2006, and \$5.4 million for 2007).

As of December 31, 2007, Stewardship Ontario had received 142 E&E Fund project applications totaling \$37.9 million (as shown in Table 4.4). Of these, 70 projects totaling \$17.3 million were approved. This represents 87% of the funding available for Years One through Four of the E&E Fund program.

**Table 4.4 - E&E Fund Projects "In the System" as of December 31, 2007**

	Number	Funding Requested
Total Applications in System:	142	\$37,913,578
<b>Approved:</b>	<b>70</b>	<b>\$17,282,442</b>
Being Reviewed/Developed:	12	\$10,747,775
Rejected:	33	\$3,936,962
Withdrawn:	27	\$5,946,399

Summary information for each of the approved projects is presented in Appendix i.

2007 activities were balanced between responding to applications from the field and ongoing project development. There was a continued interest in capital funding projects (e.g. installation of optical sorting equipment in Peel Region and Essex-Windsor) and investigating material recovery facility (MRF) regionalization opportunities (London). Communication projects played a large role in 2007, with the implementation of the Recycling Works television advertising campaign in the fall and the approval of a related radio advertising campaign to be tested in Southwestern Ontario in the spring of 2008.

#### 4.3.1 Summary of E&E Fund Accomplishments in 2007

Some of the key E&E Fund achievements in 2007 are described below.

- Established an Optical Sorting Technology (OST) Working Group to better evaluate and share project findings from the growing roster of optical sorting projects. This group, which includes key OST project partners (Toronto, Peel, Essex-Windsor, Metro Waste Paper

<sup>5</sup> The A-Team Manager and the Northern Technical Advisor positions are sponsored by the E&E Fund. These two industry experts provide technical assistance to recycling program operators on many key aspects of recycling program operations (such as tendering, contract management, marketing materials, collection, processing and other issues).

Recovery Inc. and Canada Fibers Limited), will assist in evaluating project results, establish performance monitoring protocols for similar projects, and inform future decision making with respect to optical sorting.

- Completed the \$2 million municipal best practices project which:
  - identified best practice activities for different municipal conditions,
  - established blueprint reports for 23 programs, and
  - developed a system-wide best practices cost model for the purpose of setting stewards' fees in 2008.

Best practice project reports are available at: [www.stewardshipontario.ca/eefund/bp\\_bluebox1.html](http://www.stewardshipontario.ca/eefund/bp_bluebox1.html)

- Initiated several projects as a direct consequence of the best practices project, including:
  - an 18-month Northern Ontario Blue Box Program Technical Advisor, which started in July, 2007, and
  - development of a three year Blue Box recyclers' training implementation strategy.
- Initiated an RFP peer review project that aims to provide recommendations and guidance that will improve the development of municipal RFP's for recycling services.
- Developed and aired Stewardship Ontario's "Recycling Works" television/print advertising campaign with a pilot test in the spring and province-wide roll-out in the fall; launched the [www.blueboxmore.ca](http://www.blueboxmore.ca) website in support of the advertising campaign. Preliminary results indicate that the campaign resonated with the target audience, which demonstrated a high level of awareness of the theme and key messages.
- Organized two successful Ontario Recycler Workshops (ORW) that were held in May (London, Ontario) and November (Toronto, Ontario)<sup>6</sup>. Both events were well attended and provided up to date information on E&E Fund projects.
- Published three "In-the-Loop" e-letters with timely information about Ontario recycling and Stewardship Ontario's E&E Fund projects and distributed these to key municipal stakeholders and others who have an interest in Ontario municipal Blue Box recycling<sup>7</sup>.

### Recycling Program Enhancement and Best Practices Project

This \$2-million project was launched in September 2006 and completed in June 2007. It was designed to determine Ontario's Blue Box net system best practice costs for the purpose of setting stewards' contributions in 2008. The final report, in two volumes, is posted on the Stewardship Ontario website at [www.stewardshipontario.ca/eefund/bp\\_bluebox1.html](http://www.stewardshipontario.ca/eefund/bp_bluebox1.html)

Volume 1 is a compilation of key observations and best practices for Ontario Blue Box programs. A decision tree based on program size, route density and geographical location will assist program operators with the selection of strategies for their programs.

Volume 2 is the KPMG cost model used to determine net system best practice costs. Cost data from well performing programs, which were seen to employ recognized best practices, was adjusted to remove non-replicable elements and then applied to all programs in their group to arrive at a best practice cost across their municipal grouping. Using a number of assumptions the model presents a range of best practice net system costs.

Program blueprints were developed for 23 of the 32 programs visited as part of the field work. These documents provided program assessments and recommendations to assist participating municipalities in attaining best practices.

<sup>6</sup> [www.stewardshipontario.ca/eefund/orw/orw\\_archive.htm](http://www.stewardshipontario.ca/eefund/orw/orw_archive.htm)

<sup>7</sup> [www.stewardshipontario.ca/new/intheloop.htm](http://www.stewardshipontario.ca/new/intheloop.htm)

#### 4.4 Cost Containment Initiatives

When she approved the stewards' fees for 2005, the Minister of the Environment requested that the timeline for implementing the Cost Containment Plan approved by WDO, be accelerated<sup>8</sup>. WDO submitted a Revised Cost Containment Plan to MOE containing provisions proposed by AMO and Stewardship Ontario (January 31, 2005)<sup>9</sup>. The cost containment proposal was approved by the Minister of the Environment on August 11, 2005<sup>10</sup>.

The Cost Containment Plan included the task of defining best practices through a series of activities including the Blue Box Program Enhancement and Best Practices Assessment Project. Using the cost model with a range of optional assumptions, a series of best practice system costs were calculated and then compared with the Blue Box system gross cost, revenue and net system cost reported and verified in the 2006 data call. As a result of this process, MIPC recommended that the reported 2006 net system cost be used as the best practice system cost for 2008 fee setting (in 2007).

The Blue Box Program Enhancement and Best Practices Assessment Project Report also identified the need for strategic investments in the Blue Box system and recommended that the Efficiency and Effectiveness Fund, which has been based on ten percent (10%) of stewards' annual obligation to municipalities, be transformed into a Continuous Improvement Fund (CIF) based on twenty percent (20%) of stewards' annual financial contribution to municipalities.

On October 17, 2007, Stewardship Ontario entered into a memorandum of understanding with the WDO, the Association of Municipalities of Ontario (AMO) and the City of Toronto to support the establishment of the CIF, which will replace the E&E Fund in 2008. The parties then developed a Strategic Plan<sup>11</sup> for the CIF. While the specific mix of funding in any given year may vary slightly, the Fund generally seeks to allocate its funding as follows:

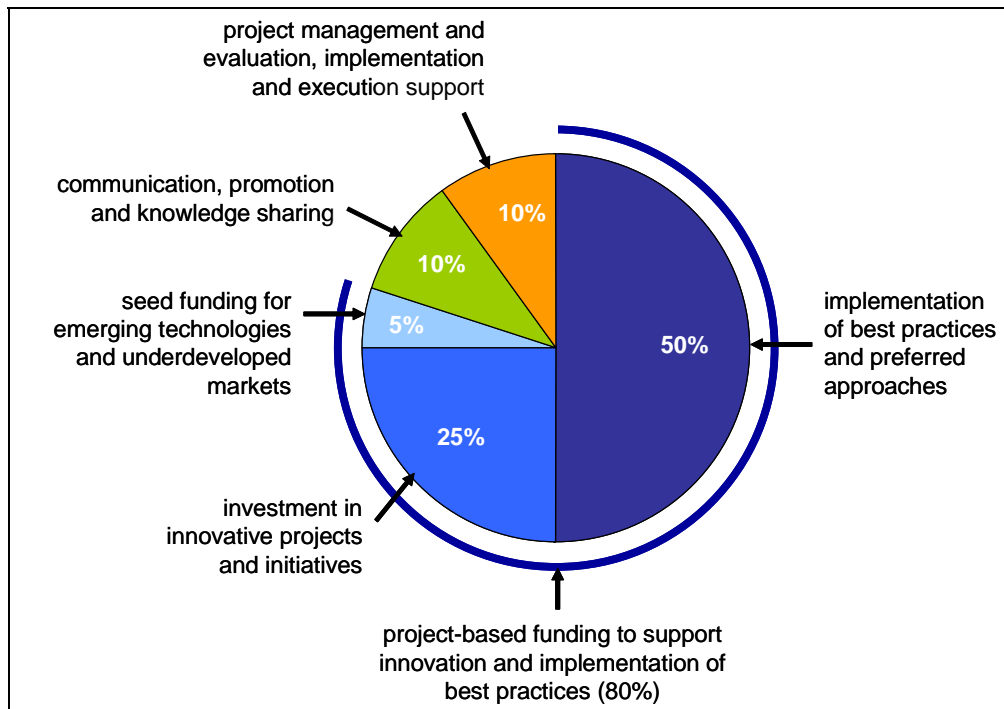
<sup>8</sup> [www.ene.gov.on.ca/envision/land/WDA/bluebox/dec30letter.pdf](http://www.ene.gov.on.ca/envision/land/WDA/bluebox/dec30letter.pdf)

<sup>9</sup> [www.ene.gov.on.ca/envision/land/wda/bluebox/containmentproposal.pdf](http://www.ene.gov.on.ca/envision/land/wda/bluebox/containmentproposal.pdf).

<sup>10</sup> [www.ene.gov.on.ca/envision/land/WDA/bluebox/081105-MinistersLetter.pdf](http://www.ene.gov.on.ca/envision/land/WDA/bluebox/081105-MinistersLetter.pdf).

<sup>11</sup> [www.stewardshipontario.ca/pdf/eefund/CIF\\_Strategic\\_Plan.pdf](http://www.stewardshipontario.ca/pdf/eefund/CIF_Strategic_Plan.pdf)

**Figure 4.1 – General Allocation for Continuous Improvement Fund**



NOTE: The specific mix of funding in any given year may vary slightly.

In general, the CIF will allocate funds to projects that:

- increase cost-effectiveness, improve performance and/or increase diversion of Blue Box programs;
- can be replicated;
- represent collaborative efforts on behalf of two or more municipalities to share facilities, resources and expertise; and
- generate quantifiable, easily measured positive results

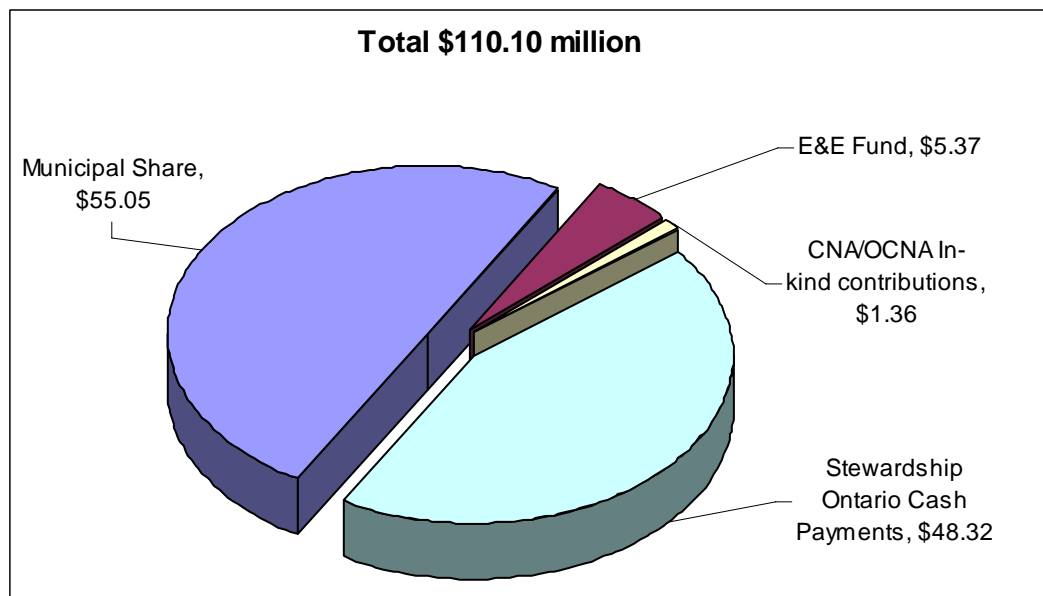
Stewardship Ontario will review priority areas for funding on an annual basis in consultation with CIF management, WDO and municipal representatives. Among activities initiated in 2007 in support of the CIF was a recruitment process to identify and hire a managing director for the Fund. This process is expected to conclude in the spring of 2008.

#### **4.5 Distributing Municipal Program Funding**

Funding for municipal recycling programs in 2007 is based on Stewardship Ontario's 50% share of the agreed upon reasonable Blue Box net system cost established for 2005. The funds are distributed in the form of quarterly payments to municipal programs. The amount available is equal to:

- 50% of the agreed upon Blue Box net system costs;
- less an “In-kind” contribution from the Canadian Newspaper Association (CNA) and the Ontario Community Newspaper Association (OCNA) (see Section 4.7);
- less 10%, which is set aside for the Effectiveness and Efficiency (E&E) Fund (see Section 4.3).

**Figure 4.2 – Approved 2005 Net Blue Box Program Cost**



Note 1: The approved net system cost for 2005 is used to establish fees to be assessed against stewards in 2007. See Section 5.1 for further information on 2007 stewards' fees. See Section 5.3 for information on the setting of stewards' fees for 2008, which are based on the approved 2006 net system cost.

Funding for 2007 was allocated under the direction of MIPC. Of the \$7 million cost band for 2007, \$5.6 million was applied across all programs. The remaining \$1.4 million was applied to poorer performing programs. This resulted in one level of funding for better performing programs and a slightly lower level of funding for poorer performing programs.

#### 4.5.1 Funds Distributed Directly to Municipalities

For the 2007 program year, Ontario municipalities received a total of \$48,319,654 in cash payments. By the end of 2007, three equal installments of \$12,079,914 each were made. The fourth and final installment for the 2006 year took place on March 31, 2007. The funds received by each individual municipality are reported on the WDO website.

Payments distributed in the 2007 calendar year are summarized in Table 4.5.



**Table 4.5 - Payments Distributed in the 2007 Calendar Year**

	Payments for 2006 Program Year*	Payments for 2007 Program Year*
March 31, 2007	\$12.1 million	
June 1, 2007		\$12.1 million
October 1, 2007		\$12.1 million
December 31, 2007		\$12.1 million

\*Figures rounded up for clarity. Actual total is \$48.32 million.

#### **4.6 Participating in WDO Committees**

Throughout 2007, Stewardship Ontario staff continued to provide input to WDO committees, working with other key stakeholders to develop recommendations to the Boards of Directors of WDO and Stewardship Ontario:

**The Public Affairs Committee (PAC)** is chaired by the (non-voting) Executive Director of WDO and includes representation from municipalities, non-governmental organizations, affected stewards, as well as Stewardship Ontario’s communication specialist and WDO staff. A primary focus of the PAC’s work in 2007 was to establish the criteria for the municipal use of “In-kind” advertising space contributed as their share of funding support by Ontario community and daily newspapers.

**The Municipal-Industry Programs Committee (MIPC)** is chaired by the (non-voting) Executive Director of WDO with five representatives nominated by municipalities and five by Stewardship Ontario. MIPC played a key role throughout 2007 in developing recommendations for the WDO and Stewardship Ontario Boards of Directors and in providing oversight for the:

- annual Municipal Tonnage and Financial Datacall;
- verification work related to data submitted by municipalities for 2005;
- monitoring and reporting on diversion of Blue Box Waste;
- oversight of best practices assessment project and determination of the best practice net system cost for the purposes of setting 2008 stewards fees;
- calculation of annual Stewardship Ontario financial obligation to municipalities;
- calculation and reporting on payments to individual municipalities;
- review of applications to the Effectiveness and Efficiency Fund;
- establishment of policies and practices related to these key task areas.

In addition to these standing tasks, in 2007, MIPC undertook analyses and provided recommendations to WDO and Stewardship Ontario Boards of Directors in response to program requests from the Minister of the Environment, including:

- preparation and submission to WDO of a report for the Minister of the Environment on “Disposition of Residential Blue Box Materials”
- development of a strategic plan for the new Continuous Improvement Fund (CIF) which will replace the E&E Fund in 2008

#### **4.7 CNA/OCNA “In-kind” Advertising Program**

The CNA/OCNA share of the municipal financial payments is paid through an "In-kind" contribution of advertising space. The CNA/OCNA municipal financial obligation for 2007 was \$1.36 million.

WDO is responsible for administering the CNA/OCNA advertising program. WDO tracks usage of the allocated lineage, follows up with non-responsive municipal programs and arranges for use of donated and non-responsive program lineage for provincial advertising. All insertion orders for advertising must be submitted to WDO and in certain cases, WDO arranges for direct communication between municipal programs and allocated newspapers. For more information: [www.wdo.ca/files/domain4116/Frequently%20Asked%20Questions%20about%20CNA-OCNA%20Advertising%20Program\(1\).pdf](http://www.wdo.ca/files/domain4116/Frequently%20Asked%20Questions%20about%20CNA-OCNA%20Advertising%20Program(1).pdf)

#### **4.8 Province-wide Waste Audit Program**

The BBPP directs Stewardship Ontario, through the Effectiveness and Efficiency Fund, to complete a series of province-wide residential waste audits. The main objectives of the audit program are to:

- 1) collect accurate single-family and multi-residential waste composition data in appropriate municipalities across Ontario;
- 2) estimate provincial waste generation rates (kg/household/week) for single-family, multi-residential and seasonal households by material category; and
- 3) estimate typical capture rates for DBBW.

Stewardship Ontario uses the results of waste audits to:

- 4) assess Blue Box material generation rates when setting fees (with the stewards' reports as the cross check);

*and together with the recovery rate information from the annual Datacall, to:*

- 5) assess opportunities and priorities for improving cost-effective recovery;
- 6) determine the recovery performance of existing programs;
- 7) assess progress relative to the 60% diversion target established by the Minister of the Environment; and
- 8) validate possible best practice assumptions.

Information on the audit methodologies, material categories and results is available on the Stewardship Ontario website<sup>12</sup>.

With the data from the waste audit program each year, Stewardship Ontario has been able to compile extensive new material-specific generation data which are much more reliable than previous data, in terms of the amount of data available (approximately 10 times as many data points for each community compared to previous audits), use of a standard methodology, and the ability to account for time of year and demographic differences.

In 2007, these waste audit data were again used to develop provincial generation estimates and to measure municipal program performance. These data provide better diversion estimates, which reflect individual material recovery performance more accurately. As a result, fees and incentives within the steward fee-setting methodology were linked more closely to performance.

#### **4.8.1 2007 Waste Audit Program**

A total of \$530,000 was approved for the 2007 waste audit program. Twenty single-family audits (four in each of the five partner municipalities) and 16 audits of multi-family buildings were completed in 2007.

Single-family audits were conducted in Centre and South Hastings, Halton Region, the City of London, the District of Muskoka and the City of Thunder Bay. Multi-family audits were conducted in Halton Region, the City of London, the City of Thunder Bay and the City of Toronto (North York). The partner municipalities for the 2007 program were selected to provide appropriate representation of waste generating behaviour across the province, filling in some of the gaps in municipal groupings and beginning to gather data to provide year-on-year comparisons. The audits were conducted by four companies who were retained under a competitive bid process and trained to use the same methodologies and protocols.

The results of each audit are posted on the Stewardship Ontario website after the data have been verified, analyzed, summarized and reviewed by the municipal partners. A summary of the status of the E&E Fund waste audits is provided in Table 4.6.

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<sup>12</sup> [http://www.stewardshipontario.ca/funding/ee/waste\\_audit.htm](http://www.stewardshipontario.ca/funding/ee/waste_audit.htm).

**Table 4.6 - 2007 Waste Audit Program Status**

Partner Municipalities	Status of Field Measurements	Status of Posting Results on Web
<b>Single-Family Audits</b>		
Centre and South Hastings	All 4 finished	All 4 posted
Halton Region	All 4 finished	2 posted, 2 pending final review
City of London	All 4 finished	2 posted, 2 pending final review
District of Muskoka	All 4 finished	All 4 posted
City of Thunder Bay	All 4 finished	2 posted, 2 pending final review
<b>Multi-Family Audits</b>		
Halton Region	All 4 finished	2 posted, 2 pending final review
City of London	All 4 finished	2 posted, 2 pending final review
City of Thunder Bay	All 4 finished	2 posted, 2 pending final review
City of Toronto (North York)	All 4 finished	3 posted, 1 pending final review

## 5.0 Stewardship Ontario Fees

The activities described in this section relate to stewards' fees and were completed in preparation for 2008 fees, or undertaken or initiated in 2007.

- 1) Material specific fee rates assessed against stewards in 2007 were approved by the Waste Diversion Ontario (WDO) Board of Directors in December 2006.
- 2) Fees for 2008 were established and approved by the WDO board in October 2007.

The following is a summary of each of these elements of setting the stewards' fees.

### 5.1 *Annual Blue Box Program Costs for 2007*

Program costs for the 2007 program year totaled about \$59.84 million and, as shown in Figure 5.1, comprise:

- 1) payments to municipalities, including direct cash payments, E&E Fund allocation and CNA/OCNA "In-kind" contribution;
- 2) direct program delivery costs;
- 3) market development costs;
- 4) WDO and Stewardship Ontario administration costs; and
- 5) distribution of a portion of the actual operating surplus for 2006 and the projected surplus for 2007.

The actual operating surplus for 2006 arose because of:

- the difference in the estimated generation of designated Blue Box Waste (DBBW) on which the fees were based, and the generation reported by registered obligated stewards in previous program years; and
- operating efficiencies and unexpended budget.

The projected surplus for 2007 accounts for estimated income from investments held and income from penalties and interest charged to non-compliant stewards combined with continued recovery of fees from prior years.

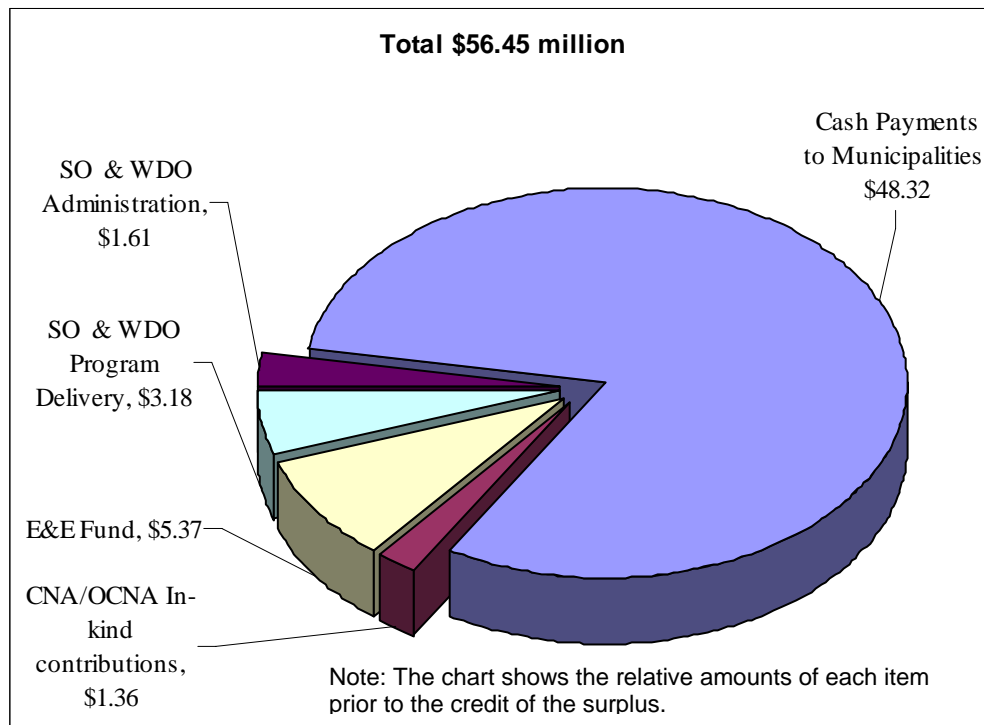
Therefore, the fees calculation for 2007 included an allocation of \$3.4 million of surplus, both actual for 2006 and projected for 2007 to reduce these fee rates.

The following sections report budgeted figures for 2007. Some categories such as cash payments to municipalities, program delivery and program administration, costs vary slightly from those reported in the draft audited financial statements in Appendix 2.

### 5.1.1 Stewards' Financial Obligation to Municipalities

Stewards' annual obligation to municipalities is calculated to be 50% of the approved net system cost, amounting to \$55.05 million for the 2007 program year. This includes cash payments, CNA/OCNA "In-kind" contribution, and the E&E Fund allocation, and accounts for over 90% of the total fees that stewards pay. Direct cash payments to municipalities represent by far the largest portion of the total fees, about 81%.

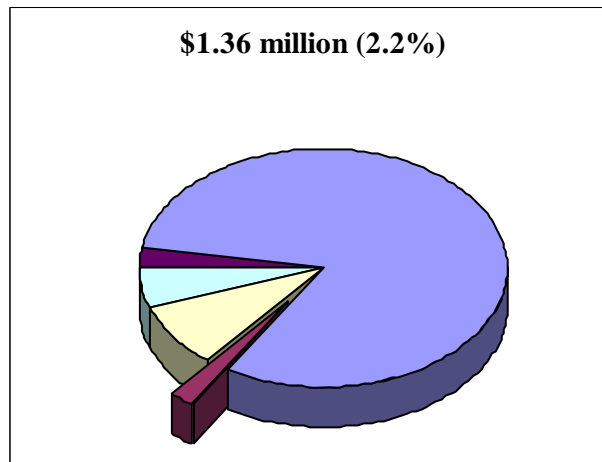
**Figure 5.1 – 2007 Stewardship Ontario Program Costs**



#### *CNA/OCNA "In-kind" Advertising*

The CNA/OCNA newspaper share of the municipal financial payments is paid through an "In-kind" contribution of advertising space. For the 2007 calendar year, the required CNA/OCNA "In-kind" contribution was \$1.36 million, representing about two percent of the total fees. This portion of the 2007 Stewardship Ontario Program Costs (refer to Figure 5.1), is detailed in Figure 5.2.

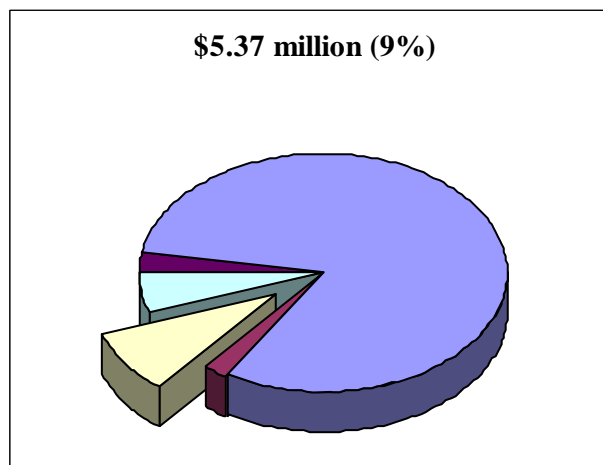
**Figure 5.2 – 2007 CNA/OCNA Contribution**



*Effectiveness and Efficiency Fund (E&E Fund)*

Ten percent of the total municipal obligation, after subtracting the CNA/OCNA “In-kind” contribution, is used to capitalize the E&E Fund. For the 2007 program year, \$5.37 million was allocated to the E&E Fund, approximately nine percent of the fees, as shown in Figure 5.3 (which highlights the portion exploded from Figure 5.1).

**Figure 5.3 – 2007 E&E Fund Allocation**



**5.1.2 Program Delivery Costs**

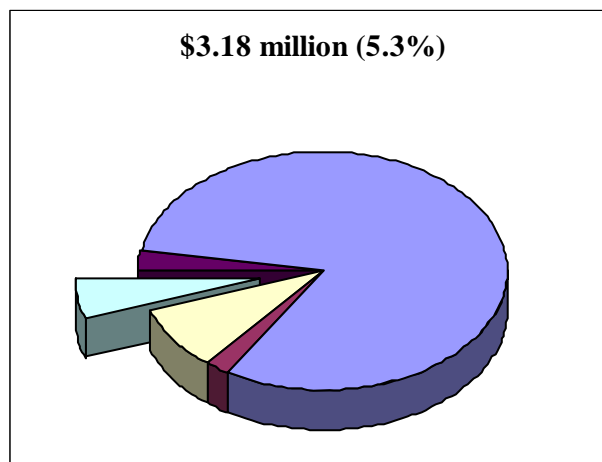
Stewardship Ontario and WDO program delivery activities required as part of the approved BBPP relate to:

- assessing the cost of the municipal residential Blue Box system and setting fees for specific materials;
- registering stewards, collecting fees and ensuring compliance;
- distributing funding to municipalities; and
- Ministry of the Environment enforcement and Stewardship Ontario compliance costs.

These costs, totaling about \$3.18 million, are incorporated into the stewards' fees and comprise approximately 5% of the 2007 program year fees.

Figure 5.4 shows 2007 Stewardship Ontario and WDO program delivery costs (and highlights this portion of Figure 5.1).

**Figure 5.4 – 2007 Stewardship Ontario & WDO Program Delivery**



### 5.1.3 Market Development Fees

No new market development fees were included in the 2007 fees, but the Stewardship Ontario Board of Directors approved the addition of market development fees for plastics for 2008.

### 5.1.4 WDO and Stewardship Ontario Administration Costs

In accordance with the policies approved by the Minister of the Environment<sup>13</sup>, administration costs for Stewardship Ontario and WDO include:

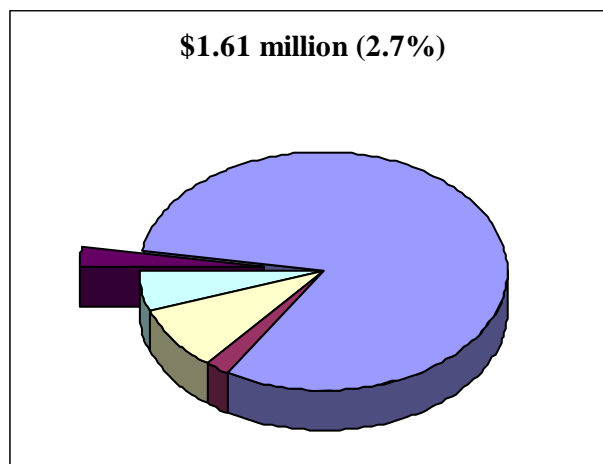
<sup>13</sup> Refer to the approved policies and practices to view administration costs incurred by Stewardship Ontario and WDO at no more than 5% of total program costs:  
<http://www.ene.gov.on.ca/envision/land/wda/bluebox/costs2004.pdf>



- legal and accounting fees;
- information technology support;
- Stewardship Ontario customer service centre; and
- general administration costs such as salaries, rent and supplies.

As shown in Figure 5.5 (Figure 5.1 with emphasis on the Administration component), the combined Stewardship Ontario and WDO administration total \$1.61 million and represent approximately 3% of total fees.

**Figure 5.5 – 2007 Stewardship Ontario & WDO Administration**



## 5.2 Review of the Fee-Setting Methodology

The approved funding formula was used successfully for setting fees for the first three program years of the plan during the start-up period of 2003 through 2005. Revisions to the way in which revenue is allocated to each material and the way in which material-specific fees are aggregated were approved by the Minister for setting fees for 2007 and 2008.

As part of the review of the fee-setting methodology in 2006, the Minister approved an adjustment to the weightings of the three factors fee-setting formula for 2008, to provide an additional incentive for greater diversion of all materials and to support the overall objective of the BBPP. The approved weightings for allocation of the financial obligation to municipalities across DBBW for 2008 are 35% for recovery, 40% for net cost and 25% for equalization. This results in a further shift of cost from materials with high recovery rates to those with low recovery rates. This change was implemented in 2007 as a part of setting stewards' fees for 2008.

In addition to revisions to the fee-setting methodology for 2008 (as directed by the Minister and the approved WDO Cost Containment Plan<sup>12</sup>), 2008 fees are based on best practice costs for municipal recycling programs. For 2008, this is the gross cost reported by Ontario municipalities in the 2006 Municipal Datacall, on the basis that a comparison of reported costs to the costs resulting from the KPMG best practice cost model<sup>13</sup> indicate that reported costs are at

the lower range of best practice costs projected by KPMG. The new Continuous Improvement Fund (described in Section 4.3) will support improvements to the system on an on-going basis.

### **5.3 Setting 2008 Fees**

Given the fee setting cycle, work is done throughout the current year to set fees for the following year so they can be approved by the WDO board in a timely manner. Consequently, the work done to set 2008 fees was carried out in 2007.

#### **5.3.1 Estimating Designated Blue Box Waste (DBBW)**

An assessment of the quantity of DBBW generated by stewards is required to establish the required material specific fees. In previous years, generation estimates were based on data from historic waste composition studies cross-checked with generation data provided by stewards. While the methodology used to conduct these audits was somewhat limited and led to some inconsistencies, it yielded the best available data at the time.

Now, however, the waste composition studies funded by the E&E Fund have produced additional data that are much more reliable. They offer:

- approximately 10 times as many data points for each community compared to previous audits;
- data that are based on a standard methodology developed with assistance from the University of Toronto Statistical Consulting Service; and
- data that account for time of year and demographic differences, including households in small and large urban and rural areas, and single-family households as well as high-rise and low-rise apartments and townhouses.

Generation estimates for each material were used for setting 2008 fees and for calculating municipal recovery rates to determine the provincial recovery rate and to distribute funding. The generation estimates were based on a combination of some of the most recent data from historic waste composition studies, together with the more extensive data from the 2005, 2006 and 2007 E&E Fund waste audits. These data were then cross-checked with steward data.

The data were grouped to account for demographic and seasonal characteristics, based on statistical differences in the data. Audits falling in the same classifications of household type and season (such as audits of single family households in large urban communities conducted in winter) were averaged to produce material-specific generation figures for that classification. The data for each season were then combined to provide an annual figure for each demographic type.

For some material categories, data reported by stewards are considered more reliable than waste composition studies. For example, audit data for aluminum foil and other packaging is generally adjusted down by 50% to account for flexible aluminum products. Reported distribution for telephone directories is used because they are distributed once per year and

waste audit measurements are imprecise. Canadian Paint and Coatings Association (CPCA) data were used for paint cans because of the difficulty in measuring their quantity through curbside audits. All of these data are then converted to per household generation figures.

The appropriate material-specific kg/hhld/yr generation figures were multiplied by the number of households (single-family, multi-residential, seasonal) as reported by each municipality in the 2006 WDO Datacall. The summation of the program-specific data produced the material generation estimates for 2006. Table 5.1 shows the estimated generation of DBBW materials for 2006 that were used for setting 2008 fees and 2006 generation reported by stewards.

**Table 5.1 - Generation of Blue Box Materials (tonnes)**

	<b>Estimated Generation for Setting 2007 Fees (tonnes)</b>	<b>2006 Data Reported by Stewards for 2006 (tonnes)</b>	<b>Estimated Generation for Setting 2008 Fees (tonnes)*</b>
<b><i>Printed Material</i></b>			
Newsprint – CNA/OCNA	268,224	270,002	259,570
Newsprint - Non-CNA/OCNA	128,557	157,068	124,409
Magazines and Catalogues	97,267	67,641	89,653
Telephone Books	21,090	14,431	14,431
Other Printed Paper	122,082	60,688	117,200
<b><i>Packaging</i></b>			
Old Corrugated Containers	165,706	106,176	162,846
Gabletop	15,145	13,422	14,433
Paper Laminants	37,673	20,776	37,094
Aseptic Containers	3,543	4,716	3,413
Old Boxboard	127,388	147,685	123,774
PET bottles	45,362	49,899	47,211
HDPE bottles	25,689	23,691	25,994
Plastic Film	61,616	54,008	60,099
Plastic Laminants	25,613	16,368	26,805
Polystyrene	22,544	12,842	21,381
Other Plastics	44,939	52,626	49,798
Food & Beverage Cans	47,495	45,410	48,292
Aerosols	3,957	4,775	4,032
Paint Cans	6,758	5,240	5,240
Al Food & Beverage Cans	22,604	27,165	21,930
Other Aluminum Packaging	3,648	3,326	3,712
Food and Beverage - Flint	73,980	77,243	68,540
Food and Beverage – Coloured	15,210	9,428	9,399
<b>Total Generation</b>	<b>1,386,091</b>	<b>1,244.624</b>	<b>1,339,256</b>

\* Wine and spirits containers, while classified as designated Blue Box wastes under O. Reg. 101, are now handled by the deposit return program which came in to effect on February 5, 2007. As such, wine and spirits containers are no longer considered obligated materials for the purpose of setting stewards' fees. These materials have been removed from the tonnage (both generation and recovery) used to determine stewards' fees for 2008.

### 5.3.2 Calculating Material-Specific Fees

The fees for the 2007 and 2008 program years are shown in Table 5.2. The 2007 fees were approved in December 2006 and assessed against stewards in 2007. Fees for 2008 were set during 2007 and approved in October 2007.

**Table 5.2 - Fees for 2006 and 2007 Program Years**

	2007 Fees	2008 Fees
Stewardship Ontario Program Costs	Millions of \$	Millions of \$
Payments to Municipalities	\$48.35	\$51.76
CNA/OCNA "In-kind" Contributions	\$1.36	\$1.83
E&E Fund	\$5.34	-
Continuous Improvement Fund	-	\$12.94
Market Development Funds	\$0.00	\$2.40
Program Delivery	\$2.63	\$3.03
Administration	\$2.17	\$1.48
Recovery of Shortfall	-\$3.39	-\$5.00
Total	\$56.46	\$68.44

Stewardship Ontario used separate formulas to allocate each of:

#### 1. *Municipal obligation*

These costs include the municipal transfer payments, the CNA/OCNA "In-kind" contribution and the Continuous Improvement Fund. They were allocated to each material according to the revised methodology. This methodology incorporates improvements to the three factors resulting from the methodology review, as well as dis-aggregation of some material categories. The methodology uses the appropriate input data for generation and recovery of DBBW, approved gross cost, revenue and net system cost data for 2006 as well as material specific cost data.

#### 2. *Market development costs*

Market development costs are apportioned to specific materials that benefit from the targeted market development activities. For 2008, \$2.4 million has been incorporated into the fees for work on plastics market development.

### 3. Program delivery and administrative costs

Since Stewardship Ontario and WDO program delivery and administration costs were incurred to the benefit of all materials, these costs were allocated according to the relative number of stewards in each category of material (i.e. printed material, paper packaging, plastic, steel, aluminum and glass). Costs were further allocated to sub-categories according to the relative amount of each material in the group.

In order to spread the 2008 fees over the material for which fees can be collected, the material-specific fees were divided by the quantity of each material reported to be generated in 2006 as presented in Table 5.2. This minimizes the potential for a shortfall in the fees collected.

Table 5.3 presents the fee rates for each of the four program years 2003 to 2008.

**Table 5.3 - Schedule of Stewards' Fees - 2003 to 2008**

Category	2003 Fee Rate	2004 Fee Rate	2004 Annualized Fee Rate	2005 Fee Rate	2006 Fee Rate	2007 Fee Rate	2008 Fee Rate
(cents/kg)							
<b>PRINTED MATERIAL</b>							
Newsprint	0.028	0.026	0.025	0.271	0.182	0.198	0.148
Newsprint - Non CNA/OCNA	0.028	0.026	0.025	0.786	0.733	0.674	0.764
Magazines and catalogues	0.081	0.310	0.189	0.862	1.479	1.840	2.182
Telephone books	0.081	0.687	0.377	1.302	1.190		
Other printed paper	0.251	1.318	0.764	9.029	7.961		
<b>PACKAGING</b>							
Cardboard and Boxboard	4.728	5.987	4.964	7.904	7.673	7.166	7.252
Other Paper Packaging						10.055	12.534
PET Bottles and Jars	6.692	9.610	7.593	13.907	13.556	11.644	11.238
HDPE Bottles and Jars						9.929	11.135
Other Plastic Packaging						14.720	18.449
Steel packaging	3.633	4.391	3.709	4.745	4.601	4.398	4.744
Aluminum cans	-5.465	-3.193	-3.874	-1.093	-0.476	-1.863	-2.215
Foil & other aluminum packaging	-5.465	-3.193	-3.874	5.502	3.577	5.863	5.095
Clear glass packaging	3.723	3.682	3.392	3.761	3.309	3.596	3.529
Coloured glass packaging	4.016	3.916	3.631	4.432	3.602	4.077	3.976

## 6.0 Financial Summaries for the 2007 Program Year

The draft audited financial statements for the 2007 calendar year are attached as Appendix ii. Key financial performance indicators are summarized in Table 6.1 below:

**Table 6.1 - Statement of Revenue & Expenses - 2007 Program Year**

	<u>Program Year 2007</u>
Revenue	\$ 62,786,747
Plus: Deferred Revenue	<u>1,204,582</u>
	\$ <u>63,991,329</u>
Expenses:	
Municipal Payments	\$ 54,278,115
Program Delivery	2,693,773
Administration	<u>1,180,573</u>
	\$ <u>58,152,461</u>
Surplus	<u><u>5,838,868</u></u>

## 7.0 Blue Box Recovery Rate Performance

### 7.1 Blue Box Waste Recovery Rates

The quantity of designated Blue Box Waste (DBBW) recovered<sup>14</sup> by Ontario municipal programs in 2003 was 779,844 tonnes. Recovery in 2004 was 819,508 tonnes and 861,062 in 2005. Recovery increased in by 9% in 2006 to 937,979 tonnes. The figures in Table 7.1 exclude wine & spirit containers which are now managed as part of another program and are no longer considered part of DBBW. The diversion rate of DBBW (excluding wine & spirit containers) is 63.5% as shown in Table 7.1.

The BBPP proposed that province-wide recycling rates be determined by comparing annual total recovery to an estimate of total generation. Generation was to be measured primarily through conducting municipal waste audits in partnership with municipalities (described in Section 4.8) with waste audit data cross-checked each year against Stewards' Reports. This is the same method that is used to determine the waste generation estimates that are used for establishing stewards' fees (see Section 5.2). Wine and spirit containers have been excluded from the calculation of fee rates for 2008 as they are now managed under a separate program.

Table 7.1 (on the following page) shows generation estimates and reported recovery by material group that were used to calculate the 2008 fees. This table excludes the wine and spirit containers that are part of the Ontario deposit system.

The quantity of DBBW recovered and recycled is projected to continue to increase through population growth, the addition of new recycling programs, extended recycling services and higher capture rates.

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<sup>14</sup> The quantity of materials recovered is calculated by subtracting the quantity of residue as a result of processing materials from the quantity of materials collected.



**Table 7.1 - Estimated Generation & Recovery of DBBW in 2006  
Used in Calculations in 2007 for Establishing 2008 Fees<sup>15</sup>**

<b>Material</b>	<b>Quantity Generated (tonnes)</b>	<b>Quantity Recovered (tonnes)</b>	<b>Recovery Rate</b>
<b><i>Printed Material</i></b>			
Newspaper & Magazines	473,632	428,508	90.5%
Other Printed Paper	131,631	70,337	53.4%
<b>Printed Material Total</b>	<b>605,263</b>	<b>498,845</b>	<b>82.4%</b>
<b><i>Packaging</i></b>			
Paper Packaging	341,559	201,194	58.9%
Plastics	231,289	51,085	22.1%
Steel	57,564	34,591	60.1%
Aluminum	25,642	11,516	44.9%
Glass	77,939	53,743	69.0%
<b>Packaging Total</b>	<b>733,993</b>	<b>352,130</b>	<b>48.0%</b>
<b>GRAND TOTAL</b>	<b>1,339,256</b>	<b>850,975</b>	<b>63.5%</b>

Note: Blue Box materials are recovered through recycling channels in addition to municipal Blue Box programs. Province-wide recovery rates for some materials (e.g. aluminum) will be higher than reported here.

<sup>15</sup> Adjusted to exclude containers covered by the wine and spirits deposit system.

## 8.0 Reporting and Communication

Stewardship Ontario maintained a continuous flow of information to stewards and other stakeholders to keep them informed on BBPP developments.

Highlights include:

- √ fulfilled all requests for information and data from WDO and the MOE;
- √ prepared and published an annual report for 2006 including submitting it to WDO, posting it to the Stewardship Ontario website (on April 1, 2007) and advising stewards and stakeholders of its availability through the e-newsletter, *Need to Know*;
- √ conducted an annual general meeting (AGM) on May 30, 2007;
- √ held 10 meetings of the Board of Directors of Stewardship Ontario;
- √ presented fees for 2008 and program changes in a September 2007 meeting and webcast for all stewards and stakeholders of the BBPP;
- √ developed and published web-based materials, reports, surveys and notices to facilitate communication of BBPP developments;
- √ updated guidebooks to support customer service activities;
- √ developed new 'calculator' guidebooks for stewards in particular sectors;
- √ made presentations at annual conferences for organizations such as the Association of Municipal Recycling Co-ordinators (AMRC) and the Association of Municipalities of Ontario (AMO);
- √ distributed and posted four news releases for the BBPP and E&E Fund which are archived at: [www.stewardshipontario.ca/media/archive.htm](http://www.stewardshipontario.ca/media/archive.htm);
- √ provided communications support for the glass and plastics market development programs;
- √ provided critical program updates and reminders for deliverables to stewards through 10 issues of Stewardship Ontario's electronic newsletter, *Need to Know* for the Blue Box Program Plan;
- √ published three editions of "*In-the Loop*" which focuses on E&E Fund and municipal interests;
- √ initiated a comprehensive review and re-design of the Recyclers' Knowledge Network website, including the posting of an extensive summary of the key points of the KPMG Best Practices Report, with a goal of an early 2008 re-launch of the site;
- √ demonstrated use of the Recyclers' Knowledge Network at a special session for AMO annual conference delegates, heightening the profile of this website among its primary target audience;
- √ conducted two Ontario Recycler Workshops (described below).

## 8.1 Consultation

### 8.1.1 Consultation with Key Stakeholders

Stewardship Ontario undertook steward and stakeholder public consultation in a presentation of Preliminary 2008 Stewards' Fees and proposed changes to the Blue Box Program Rules on September 10. Approximately 50 people attended in-person and another 90 people took part by webcast. To view the event slides:

[www.stewardshipontario.ca/pdf/consultation/workshop\\_10sept2007/PF\\_presentation\\_6per.pdf](http://www.stewardshipontario.ca/pdf/consultation/workshop_10sept2007/PF_presentation_6per.pdf).

### 8.1.1 Consultation with Municipalities

- Developed and co-hosted two more Ontario Recycler Workshops (ORWs) with WDO and AMO
  - May 17 ORW was a full-day session that took place in London, Ontario. With a best practice focus, 80 participated in person with an additional 40 who registered to attend by webcast. To view the archived presentations: [www.stewardshipontario.ca/eefund/orw/orw\\_archive.htm#orw4](http://www.stewardshipontario.ca/eefund/orw/orw_archive.htm#orw4)
  - November 22/23 ORW was a dual-event session held in Toronto. The first part of this ORW on November 22 featured a first-time training program with sessions on improving Recycling Promotion and Education programs (total registration of 70 with 34 in person) and Sustainable Finance for recycling programs (total registration of 66 with 43 people who attended in person). Eighty people attended the half-day ORW on November 23 along with 40 participating by webcast. To view archives from the fall ORW: [stewardshipontario.ca/eefund/orw/orw\\_archive.htm#orw5](http://stewardshipontario.ca/eefund/orw/orw_archive.htm#orw5).

## 8.2 Stewardship Ontario Website

Throughout the year, Stewardship Ontario continued to modify and adjust the content of its website to meet evolving stakeholder needs. Based on feedback from the Customer Service group, Stewardship Ontario increased use of the homepage feature/callout box as well as other homepage flash alerts to help stewards easily access new and time-sensitive information.

Traffic to the website included slightly more than 81,000 total visits in 2007, with an average of approximately 6,800 visits per month.

### 8.2.2 Website Archives

Stewardship Ontario maintains comprehensive archives on key program topics as a means of providing background information and data for stewards and stakeholders. The archives currently cover:

- Consultation events—background documents, slide presentations, and other materials related to public consultation activities. Webcasts broadcast on CNW are archived for

several months after each consultation event. With this feature, stewards and stakeholders are able to access the webcast material at their convenience and review materials that are of greatest interest. Workshop and webcast archives are available at: [www.stewardshipontario.ca/consultation/work\\_web\\_archive.htm](http://www.stewardshipontario.ca/consultation/work_web_archive.htm).

- Official Comments—contains a brief summary of the topic for which comments were solicited and, where applicable, a summary of the comments received and/or resulting activities: [www.stewardshipontario.ca/consultation/comments\\_archive.htm](http://www.stewardshipontario.ca/consultation/comments_archive.htm).
- Press releases—dates back from the end of 2002 and includes all of 2003 to 2007: [www.stewardshipontario.ca/media/archive.htm](http://www.stewardshipontario.ca/media/archive.htm).
- Tenders—lists and provides links to closed tenders from the E&E Fund including Waste Audits and Glass Market Development: [www.stewardshipontario.ca/tenders/tenders.htm](http://www.stewardshipontario.ca/tenders/tenders.htm).
- Setting of Fees—provides background information on the fee setting process for each program year. To view the page that addresses setting of fees in 2006 for the 2007 program year: [www.stewardshipontario.ca/fees/fees\\_2008.htm](http://www.stewardshipontario.ca/fees/fees_2008.htm).
- *Need to Know*—logs all issues of Stewardship Ontario's e-newsletter from the most recent to the oldest: [www.stewardshipontario.ca/new/needtoknow.htm](http://www.stewardshipontario.ca/new/needtoknow.htm). In 2007, 10 *Need to Know* e-newsletters for the BBPP were published and archived contributing to an overall total of 86 published BBPP newsletters from the beginning of the program to December 2007.

## 8.2.2 Recyclers' Knowledge Network

The Recyclers' Knowledge Network expanded in 2007 with an increased emphasis on providing information about the 'Best Practices' project in meaningful and accessible manner for municipal stakeholders. In addition to the regular administration of the site, a strategic and creative planning process was initiated toward the end of the year with the goal of retooling the site to include more dynamic, engaging and user-friendly content along with a new appearance. The retooled site will launch in early 2008. To view the site: [www.recyclersknowledgenetwork.ca](http://www.recyclersknowledgenetwork.ca)

## 8.3 Publications

As noted, in 2007, Stewardship Ontario distributed 10 'regular' issues of *Need to Know*, Stewardship Ontario's e-newsletter. In most cases, *Need to Know* is distributed to approximately 2,000 stewards and other identified stakeholders. Archived copies are available at: [www.stewardshipontario.ca/new/needtoknow.htm](http://www.stewardshipontario.ca/new/needtoknow.htm).

## 8.4 Public Announcements

Stewardship Ontario distributed five news releases and letters to the editor on topics related to the Ontario Blue Box municipal recycling system. Other topics addressed included notifications about distribution of cheques to Ontario municipalities, funding approvals under the Effectiveness and Efficiency Fund and other issues pertaining to other Canadian stewardship programs that are of relevance to the BBPP or Stewardship Ontario activities. Stewardship Ontario continues to expand its ability to distribute news releases cost-effectively, through in-house electronic methods. News releases distributed in 2007 can be reviewed at: <http://www.stewardshipontario.ca/media/releases.htm>.

## **8.5 Documentation and Audit**

Stewardship Ontario maintains physical and/or electronic copies of documents and information pertaining to among other things funding, consultation activities, comments and responses. The electronic filing system is backed up daily to ensure the safety of the information.

## **8.6 Complaints and Inquiries**

Inquiries generally come into Stewardship Ontario by telephone or email. Stewardship Ontario's customer service department continued to manage these inquiries, with a turn-around objective of 24 to 36 hours.

## **8.7 Privacy Principles**

Stewardship Ontario continued to maintain the privacy guidelines which were established 2004. These guidelines protect steward/stakeholder information other than that which, through the consultation process, is transparent. These guidelines comply with all the requirements of the Personal Information Protection and Electronic Documents Act (PIPEDA). To view the principles, go to: [http://stewardshipontario.ca/pdf/rules\\_privacy/privacy\\_policy.pdf](http://stewardshipontario.ca/pdf/rules_privacy/privacy_policy.pdf).

## 9.0 Developing the Municipal Hazardous or Special Waste Program (MHSW) Plan

In addition to serving as Industry Funding Organization (IFO) for Blue Box Waste, Stewardship Ontario has also been designated as the IFO for Municipal Hazardous or Special Waste (MHSW) under Ontario Regulation 28/08.

### 9.1 Background

On December 11, 2006, the Minister of the Environment filed Ontario Regulation 542/06 under the *Waste Diversion Act* (WDA) designating Municipal Hazardous or Special Waste (MHSW). The Regulation defines Municipal Hazardous Waste as:

- corrosive, flammable or toxic products by reference to Consumer Chemicals & Containers Regulations, 2001;
- flammable, corrosive or toxicity hazards by reference to CSA Standard Z752-03; or
- corrosive, ignitable, leachate toxic, reactive waste by reference to Regulation 347.

The Regulation defines Municipal Special Waste as:

- batteries;
- pressurized & aerosol containers;
- portable fire extinguishers;
- fertilizers, fungicides, herbicides, insecticides, pesticides;
- paints & coatings;
- oil bottles & filters;
- fluorescent light bulbs or tubes;
- pharmaceuticals, sharps, syringes;
- switches, thermostats, thermometers, barometers & measuring devices containing mercury;
- antifreeze & solvents.

On December 12, 2006, the Waste Diversion Ontario (WDO) Board of Directors received a [Program Request Letter](#) from the Minister of the Environment requesting a diversion program for MHSW and directing that Stewardship Ontario act as the Industry Funding Organization (IFO) for MHSW. The Minister's letter outlined program requirements and requested a consultation plan.

The MHSW Program Plan was developed in consultation with municipalities, service providers and stewards. Under the MHSW Program Plan, the goal is to provide for increased access for consumers and small quantity generators to MHSW collection programs and to divert these materials and their containers from disposal.

The MHSW Program Plan sets out specific activities as they relate to research and development, market development and public education activities that support the achievement of material-specific collection and diversion targets that will assist Ontario to move from the current disposal reliant system to increasing reduction, reuse and recycling opportunities where they exist.

## **9.2 Plan Development Process**

The plan development process was guided by an MHSW Stewards Program Committee, which included representation from various stewards of Phase 1 materials and other stakeholders.

Throughout the development of the program plan, the planning team held several meetings with product sector representatives, program committee members representing their respective Phase 1 material, as well as other stewards of that material and their representative industry associations. The meetings provided an opportunity to obtain product sector information, and to consult on plan development issues relating to the particular Phase 1 material. A list of program committee members can be found in Appendix 1 of the MHSW Program Plan.

In parallel with this program planning process, a Stewardship Ontario Governance Restructuring Committee was established which included representation from the existing Stewardship Ontario Board and from future stewards of Municipal Hazardous or Special Materials (MHSM). MHSM stewards are brand owners or first importers of products that generate designated MHSW. A list of these committee members can be found in Appendix 2 of the MHSW Program Plan.

In the development of the MHSW Program Plan, the program planning team implemented the public consultation program as outlined by the WDO. As a key element of this process, Stewardship Ontario established a broad list of stakeholders totaling 562, including potential stewards, municipalities, service providers, NGOs and other interested parties.

In the early stages of consultation, Stewardship Ontario communicated with this group through established lines of outreach, most particularly the well-recognized e-newsletter, *Need to Know*. After the initial stage of information outflow, Stewardship Ontario created a version of the e-newsletter identifying it as MHSW news and updates. In all, a total of eight MHSW e-newsletters were distributed to stakeholders over the program plan development period. Six of these were distributed in 2007. An additional four Blue Box Program Plan *Need to Know* issues include segments dealing with MHSW.

To ensure easy access to information updates, Stewardship Ontario developed a dedicated section on the website where the full complement of program plan documents was regularly posted for review and comment. Opportunities to participate in the consultation process also were prominently posted on the site.

The project team implemented a comprehensive consultation process as an essential component of MHSW program plan development. Included in this were three workshop/webcast

events for stewards and stakeholders of the program, the first of which was hosted by Waste Diversion Ontario. The remaining two events, were hosted by Stewardship Ontario on:

- February 12, with 65 in person attendees and 154 webcast participants, and
- March 22, with 48 in person attendees and 89 webcast participants.

Participation in the consultation process included opportunities to comment on the content of the program plan at the various stages of its development. In all, stakeholders provided 287 comments that were considered and used in the evolution of the draft plan.

Communications also worked closely with the MHSW program committee to develop the Promotion and Education (P&E) plan which was included for consultation and comment. Contact with MOE and WDO staff was maintained throughout the program planning process to seek clarification and to review key program elements as required. As the designated IFO for MHSW, the Stewardship Ontario Board was provided with progress reports throughout the planning process and the board reviewed and approved the Draft Final MHSW Program Plan on May 14, 2007 for submission to the WDO.

### ***9.3 Submission of Preliminary Program Plan for MHSW***

Following approval by Waste Diversion Ontario, the final revised Municipal Hazardous or Special Waste Program Plan was submitted to the Minister of the Environment on December 6, 2007 ([http://www.stewardshipontario.ca/mhsw/pdf/plan/MHSW\\_plan\\_nov\\_30.pdf](http://www.stewardshipontario.ca/mhsw/pdf/plan/MHSW_plan_nov_30.pdf)). As of December 31, 2007, the plan awaited the Minister's approval, which was given on February 19, 2008.



## Appendices

## Appendix i: Summary of E&E Fund Projects as of December 31, 2007

**Table 1 - Approved E&E Projects by Priority Area as of December 31, 2007**

Priority Area	Number	Funding Approved	Value
MRF Rationalization	15	\$5,211,501	30%
Multi-Residential Recycling	9	\$2,191,056	13%
Benchmarking and Waste Audits	11	\$2,246,198	13%
Cost Containment	14	\$3,384,066	20%
Innovative Financing & Compliance	7	\$264,992	2%
Communication and Education	10	\$3,578,535	21%
Other Projects	4	\$406,094	2%
<b>Total</b>	<b>70</b>	<b>\$17,282,442</b>	<b>100%</b>

**Table 2 - Approved E&E Fund Projects as of Dec 31, 2007**

Project #	Title	Proponent	Funding Approved	% of Total Project Cost	Expected Completion Date
<b>MRF Rationalization</b>					
12	City of Dryden Transfer Facility	City of Dryden	\$267,500	45%	Apr 2008
63	Identifying and Applying Best Practices in Recycling in Ontario	AMRC, London, Toronto, RARE, Kingston, Waterloo, EWSWA	\$239,772	50%	tbd
81 and 224	MRF Optimization Study and Equipment Retrofit	County of Northumberland	\$424,634	50%	Mar 2009
102	Guelph MRF Optimization Study	City of Guelph	\$6,800	50%	complete
122	Renfrew County MRF Feasibility Study	Ottawa Valley Waste Recovery Centre	\$25,000	29%	complete
85 and 279	Peel MRF Optimization Study and Installation of Bag Breaker and Optical Sorting Equipment	Region of Peel with WMCC	\$650,458	33%	Dec 2008
162, 210 and 165	Optical Sorting Equipment for Toronto (Dufferin and Scarborough MRFs)	City of Toronto with Canada Fibres and Metro Municipal Recycling Services	\$1,763,750	50%	Fall 2008
168	Feasibility Study for GTA Centralized Plastics Recovery Facility	Peel Region and York Region with EPIC	\$18,725	50%	complete
179	Mechanical Sorter Upgrade	Quinte Waste Solutions	\$145,500	50%	tbd
198 and 198B	Peterborough MRF Optimization, Opportunities and Regionalization Study	City of Peterborough	\$27,950	50%	complete
211	Kingston MRF Expansion and Equipment Retrofit	Kingston with BFI Canada Ltd.	\$390,000	50%	tbd
232, 265	London Regional MRF: RFP Process and Model Peer Review	City of London	\$125,400	44%	June 2008
237	Automated Optical Sorting System for Durham's New MRF	Durham Region	\$317,250	50%	Dec 2008
280	York Region MRF Mixed Broken Glass Clean Up System	York Region	\$265,000	50%	June 2008
260 and 260A	Optical Sorting Equipment for Essex Windsor Two Stream MRF	EWSWA	\$543,762	50%	Fall 2008
			<b>\$5,211,501</b>		
<b>Multi-Residential Recycling</b>					
18	Baseline Information of Multi-Residential Recycling Programs in Ontario	EWSWA, AMRC, Hamilton, Peel, Quinte Waste Solutions, London and Waterloo	\$28,550	25%	complete
32	Toronto Integrated Multi-Family Recycling Strategy	City of Toronto	\$1,880,000	50%	Dec 2009
36, 197	Optimizing Multi-Residential Recycling Performance by Using a Focused Delivery	City of London	\$31,200	50%	tbd

Project #	Title	Proponent	Funding Approved	% of Total Project Cost	Expected Completion Date
186	Enhancing Recycling in Multi-Residential Buildings	Town of Markham, Town of Richmond Hill and City of Vaughan	\$17,217	62%	complete
199, 201	Multi-residential Recycling System Improvements	EWSWA, Waterloo, London, Toronto, Hamilton, Peel, and QWS with AMRC	\$167,764	100%	complete
215	Support for Multi-residential Working Group	EWSWA with AMRC	\$14,125	100%	April 2008
241	Elliot Lake Multi-Residential Service	City of Elliot Lake	\$16,000	25%	May 2008
278	Baseline Multi-Family Data for Essex Windsor	EWSWA	\$9,000	60%	June 2008
301	Analysis of Multi-family Audit Results	AMRC Multi-residential Working Group	\$27,200	100%	Apr 2008
			<b>\$2,191,056</b>		
<b>Benchmarking and Waste Audits</b>					
44	RECYCLE AWAY (public space recycling)	Quinte Waste Solutions	\$16,050	50%	complete
45	Quinte Depot Review	Quinte Waste Solutions	\$33,866	75%	Mar 2008
60	Recycling Container Capacity Pilot	City of Toronto	\$235,000	50%	May 2008
96, 161, 180, 236	Province-Wide Waste Audit Program	Various municipalities	\$1,701,000	100%	complete
104	Co-Collection Study	Region of Niagara	\$7,750	50%	complete
123	Weigh Scale Pilot for Multi-Family Collection	Region of Peel	\$79,500	54%	Nov 2008
207	York Compaction Study	York Region	\$42,024	63%	complete
223	Four Season Waste Audits in Renfrew County	OVWRC	\$66,780	80%	complete
262	Two Stream Recycling Cart Pilot	EWSWA	\$45,000	53%	March 2008
286	Markham Blue Box lid pilot	Markham	\$14,310	50%	April 2008
289	West Perth Blue Box lid pilot	West Perth	\$4,918	64%	June 2008
			<b>\$2,246,198</b>		
<b>Cost Containment</b>					
19	Building on 'Smart Contracts, Smart Marketing'- an AMRC 2004 Workshop	Quinte Waste Solutions with AMRC	\$7,250	50%	complete
86	Pre-Feasibility Study of Cooperative Marketing Programs for Blue Box Materials in Ontario	OVWRC, EWSWA, Quinte Waste Solutions, Armour, North Bay, AMRC	\$9,800	30%	complete
95	Help Desk Services (contracts and "what if" tool)	SO working with a number of municipalities	\$45,000	100%	complete
97	Model Recycling Contracts and Tenders	Kingston	\$72,600	100%	complete
120	Reasonable Cost Bands	AMO	\$9,000	100%	complete
153	Municipal Datacall Authentication - 2004	AMO with York Region	\$24,000	100%	complete
156	Blue Box Assistance Team	MIPC	\$300,000	100%	Dec 2008

Project #	Title	Proponent	Funding Approved	% of Total Project Cost	Expected Completion Date
164	Markets Help Desk	Peel with ReMM	\$26,500	100%	complete
187	Pre-qualified Technical Consulting Assistance Program	various municipalities	\$25,000	100%	on going
200	Municipal Consultation Sessions on Blue Box Best Practices	York with Oxford, Peel, Waterloo and AMRC	\$128,866	46%	complete
213	Getting it Right	York with AMO	\$41,000	100%	complete
214	Joint Collection for Northern Six Municipalities in York Region	Aurora, East Gwillimbury, Georgina, King, Newmarket and Whitchurch-Stouffville	\$15,050	50%	complete
226, 226A	Recycling Program Enhancement and Best Practices Project	MIPC	\$2,500,000	100%	Jun 2008
157	Blue Box Assistance Team	MIPC	\$180,000	100%	Dec 2008
			<b>\$3,384,066</b>		
<b>Innovative Financing and Program Compliance</b>					
76	Optimizing Stratford's User Pay Program	City of Stratford	\$62,540	75%	complete
126, 191	Analysis of Ontario User Pay Programs	County of Oxford, Haldimand County, Bluewater Recycling Association, Region of Waterloo, AMRC	\$55,262	100%	complete
160	Implementation of a Waste Management Utility in Ontario Municipalities: A Practical Guide	City of London with Ottawa and RIS International	\$68,480	64%	Oct 2008
177	Clear Garbage Bags: a Better Practice of Innovative Program Compliance?	Quinte Waste Solutions	\$15,900	83%	Mar 2008
190	User Pay Module for the Knowledge Network	Oxford County with Waterloo and AMRC	\$24,650	100%	complete
285	Markham Clear Garbage Bag Pilot	Town of Markham	\$13,780	54%	Mar 2008
312	Quinte Clear Garbage Bag Pilot	Quinte Waste Solutions	\$24,380	50%	Sept 2008
			<b>\$264,992</b>		
<b>Communication and Education</b>					
68	Identifying Best Practices in Municipal Blue Box Promotion and Education	Oxford, AMRC, Waterloo, EWSWA and Commexus Inc.	\$152,047	100%	complete
105 and 227	Enhanced Blue Box Recovery Program	Peel, York, Durham, Toronto	\$1,121,500	100%	complete
121, 167	Knowledge Network	London, Oxford County, Waterloo, AMRC, VuBiz	\$154,724	100%	complete
125	Hamilton Waste Watch Communication and Education Project	City of Hamilton	\$50,000	15%	complete
193	E&E Fund Communications	MIPC	\$63,600	57%	complete
294	Recycling Works Advertising Campaign	MIPC	\$1,631,764	100%	Mar 2008

Project #	Title	Proponent	Funding Approved	% of Total Project Cost	Expected Completion Date
308	E&E Fund Years Three & Four Communications	MIPC	\$63,600	100%	Dec 2008
311	Blue Box Recycler Training Strategy and Implementation Plan	MIPC	\$42,400	100%	complete
315	Training Pilot for Waste Management Professionals	York Region, City of Thunder Bay, AMRC	\$63,900	100%	Mar 2008
331	Recycling Works Pilot Radio Campaign in Southwestern Ontario	MIPC with Waterloo, Essex Windsor and Waterloo	\$235,000	89%	Spring 2008
			<b>\$3,578,535</b>		
<b>Other Projects</b>					
94, 178	Peer Review Program	MIPC	\$61,094	100%	on going
130	Funding Options and Funding Strategy for Northern Ontario	MIPC Request for Proposals	\$65,000	100%	complete
155	Municipal MIPC Policy Advisor	York	\$270,000	100%	Mar 2008
158	International Processing of MRF Residue	Toronto and York	\$10,000	100%	April 2008
			<b>\$406,094</b>		
<b>Total Funding Available for Years 1, 2, 3 and 4 =</b>			<b>\$19,750,234</b>		
<b>Total Funding Approved as of Dec 31, 2007 =</b>			<b>\$17,282,442</b>		
<b>Difference =</b>			<b>\$2,467,792</b>		

## Appendix ii: Draft Audit Financial Statement